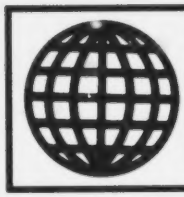

Daily Report

Latin America

FBIS-LAT-95-212
Thursday
2 November 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-212 *2 November 1995*

CONTENTS

INTERNATIONAL AFFAIRS

Signing of EU-Mercosur Agreement Set for 11 Dec *[GAZETA MERCANTIL 31 Oct]* 1
Group of 15 Summit Preparations Begin *[TELAM]* 1

INTER-AMERICAN AFFAIRS

Chile Negotiates Exceptions Lists With Mercosur *[GAZETA MERCANTIL 31 Oct]* 2

CARIBBEAN

Cuba

Robaina Discusses Emigration Conference Structure *[Havana TV]* 3
Official: Cartels Using Territory To Smuggle Drugs *[LA PRENSA 30 Oct]* 3
Police, DGI Catch Sports Industry Supply Thieves *[Havana Radio]* 3
Economists Evaluate Province's Economic Situation *[Havana Radio]* 4
National Bank Grants License to Exchange House *[Havana TV]* 4
Official Favors Reorganization of Banks *[PRENSA LATINA]* 5
Official on Self-Employed Workers Evading Taxes *[Havana Radio]* 5

Haiti

Deputies Approve Werleigh as New Prime Minister *[NOTIMEX]* 5

MEXICO

Alliance for Economic Recovery Objectives Outlined *[Mexico City TV]* 7
Armed Forces Confirm Support for Alliance *[Mexico City TV]* 7
Opposition Claims Exclusion From Alliance *[Mexico City Radio]* 7
Reaction to Alliance Reported *[Mexico City Radio]* 8
Nicaragua's Leal Arrives for Binational Meeting *[NOTIMEX]* 8
PEMEX Approves Privatization of Plant Subsidiaries *[LA JORNADA 31 Oct]* 9
Message to President Criticizes Cement Company *[EL FINANCIERO 30 Oct]* 9
Colosio Assassin on Murder, Part II *[LA JORNADA 29 Oct]* 10

CENTRAL AMERICA

El Salvador

Calderon Sol on Fulfillment of Peace Pledges *[San Salvador TV]* 13

Guatemala

OAS Asks President for Information on Massacre *[LA REPUBLICA 28 Oct]* 15
President: Minugua Report Severe, Realistic *[Guatemala City TV]* 15
URNG 'Electoral' Truce Enters Into Force *[LA REPUBLICA 31 Oct]* 16
Government Asks URNG To Extend Truce *[PRENSA LIBRE 1 Nov]* 16
President Comments on URNG's Truce *[Guatemala City TV]* 17
President Implies URNG Supports FDNG *[PRENSA LIBRE 31 Oct]* 17

Panama

Businessman Linked to 1994 Bombing of Alas Airplane *[Panama City TV]* 18

SOUTH AMERICA

Argentina

Iranian Enovy Arrives To Address Assassination Attempt 19

Envoy Wants Action Over Attempt *[Tehran IRNA]* 19
Meets With Interior Minister *[TELAM]* 19
Meets With Foreign Minister *[TELAM]* 20
Noise Bomb Damages Cordoba Courthouse *[TELAM]* 20
Communique Issued on Gorriaran Merlo's Arrest *[TELAM]* 20
Menem Stresses Mexican Cooperation *[TELAM]* 21
Official Denies Friction Over Arrest *[TELAM]* 21
President Menem Closes Banking Convention *[TELAM]* 22

Bolivia

Police Destroy Reorganized Guerrila Cell *[La Paz Radio]* 22

Brazil

Compliance With WTO Restraint on Import Quotas Questioned *[O ESTADO DE SAO PAULO 28 Sep]* 23
Itamaraty Role in WTO Notification Format Viewed *[GAZETA MERCANTIL 31 Oct]* 23
Ukraine's Kuchma Meets With Businessmen in Rio de Janeiro *[Brasilia Radio]* 24
Holds News Conference, Ends Visit *[AGENCIA ESTADO]* 24
Cardoso Meets With Visiting Namibian President *[Brasilia Radio]* 25
Cardoso Defends Approval of Sivam Contract *[GAZETA MERCANTIL 30 Oct]* 25
Germany Makes Donations To Combat Drug Trafficking *[GAZETA MERCANTIL 30 Oct]* 25
Committee Concludes Voting on Administrative Reform *[AGENCIA ESTADO]* 26
Editorial Views Objectives of Foreign Policy *[O ESTADO DE SAO PAULO 25 Oct]* 26
Reaction to Foreign Investment Limit in Telecommunications *[AGENCIA ESTADO]* 27
Petrobras Seeks Loan To Build Gas Pipeline *[Brasilia Radio]* 28

Chile

Further Reportage on Ukranian President's Visit 28
Trade Relations To Intensify *[EL MERCURIO 31 Oct]* 28
Investment Agreement Signed *[Madrid EFE]* 29
Kuchma on Satellite Failure *[Madrid EFE]* 30
Kuchma on NATO Expansion *[Madrid EFE]* 30
Kuchma Interviewed in Santiago *[LA EPOCA 31 Oct]* 31
Carabineros Violently Repress CUT Demonstration *[Santiago TV]* 33
New Carabineros High Command, Retirements Announced *[EL MERCURIO 21 Oct]* 33
Government To Keep Copper Industry in State Hands *[EL MERCURIO 27 Oct]* 33
Foreign Minister To Visit Great Britain, Ireland *[EL MERCURIO 31 Oct]* 34
Foreign Minister on Negotiations With NAFTA, Mercosur *[LA TERCERA DE LA HORA 27 Oct]* 34
EU Official Views Partnership With Chile *[EL MERCURIO 21 Oct]* 34

Colombia

Foreign Minister Views Embassy Phone Taps, U.S. Ties *[Santa Fe de Bogota Radio]* 36
Foreign Minister Comments on Relations With U.S. *[Santa Fe de Bogota TV]* 38
Samper: No Foreign Force May Enter Colombian Territory *[Santa Fe de Bogota TV]* 38
Venezuelan President Reacts to Samper Comments *[Santa Fe de Bogota TV]* 38
Prosecutor General 'May Consider' Resigning *[Santa Fe de Bogota TV]* 39
Study Claims Drug Money Has Little Impact on Real Estate *[Santa Fe de Bogota TV]* 39
Fenalco Congress Conducts Study on Economic Situation *[EL TIEMPO 27 Oct]* 39

Ecuador

Alarcon Urges Duran-Ballen To Revoke Decree on Microfilms *[Madrid EFE]* 41

Court Rejects Involvement of Duran-Ballen in Dahik Case *[Quito Radio]* 41
Education Minister Submits Resignation *[Madrid EFE]* 41
Constitutional Court Abolishes State of Emergency *[Quito Radio]* 42

Paraguay

Peasant Unrest Escalating in San Pedro Department *[NOTICIAS 15 Oct, etc.]* 42

Peru

Joint Council With Ecuador Holds 3d Meeting in Lima *[EL COMERCIO 24 Oct]* 42
Official: Ecuador Crisis Not To Affect Peace Talks *[EL COMERCIO 13 Oct]* 43
NGO Authorized To Help Perform 'Electoral Oversight' *[Madrid EFE]* 43
Group Training Observers for Elections *[LA REPUBLICA 22 Oct]* 43
Analysts View Leading Candidate's Chances in Lima Election *[Madrid EFE]* 44

Venezuela

OAS Secretary General Views Border Incidents, Trade *[EL GLOBO 28 Oct]* 44
Minister Denies Knowledge of Colombian Presence at Border *[Caracas TV]* 45

Signing of EU-Mercosur Agreement Set for 11 Dec

PY0111173095 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Oct 95 p A3

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] It has practically been decided that the European Union (EU) and Mercosur [Common Market of the South] will sign their master inter-regional economic and commercial cooperation agreement four days earlier, on 11 December. The new date was set at the request of Brazilian President Fernando Henrique Cardoso, who will be visiting China on 15 December.

In addition to Cardoso, the three other Mercosur presidents — Carlos Menem of Argentina, Juan Carlos Wasmosy of Paraguay, and Julio Maria Sanguinetti of Uruguay — will attend the ceremony in Madrid. Felipe Gonzalez, Spanish prime minister and president of the EU, and EU Commission President Jacques Santer will also sign the document. If the master agreement is signed on 15 December, the presidents of the 15 European countries might attend the ceremony, because on that date they will be attending a European Council meeting. The signing of the document in Madrid will be symbolic, because the agreement was already signed at the end of September in Montevideo.

In addition to being the first document of this nature that the EU will sign with a bloc outside its own borders, the agreement has a broad scope: It provides for economic and commercial dialogue, and cooperation in the areas of agricultural and food standards, customs affairs, and statistics. The agreement also provides for industrial cooperation, investment promotion, and close partnership in sectors ranging from power to transportation, scientific-technological areas, telecommunications, and industrial property.

Bruno Dethomas, EU representative in Brazil, has said that the agreement will create a mixed cooperation commission and a commercial subcommission that will be charged with preparing the agreement for the future partnership between the two blocs, which will be broader than the free trade agreement.

He reported on 30 October that the problem of Mercosur farm exports to the EU will not be as intense as expected. According to a statistical survey made by the European Commission, sensitive Mercosur products account for only 11 percent of Mercosur exports to the European market. The products that are facing more restraints in the EU are orange juice, fresh meat, and tobacco.

As for coffee and tea, Dethomas recalled that by the end of the century, those products will be totally tax exempt, in line with the decisions made at the Uruguay Round of talks of the former GATT, which became the World Trade Organization (WTO). Mercosur soybean cake sales to the EU, which account for 30 percent of Mercosur's total exports, pay no taxes on the EU market, Dethomas said. He emphasized that there will be another problem if Mercosur wants to export meat with hormones, which is banned in the EU.

Group of 15 Summit Preparations Begin

PY0111204595 Buenos Aires TELAM in Spanish 1926 GMT 31 Oct 95

[FBIS Translated Text] Buenos Aires, 31 October (TELAM) — Personal representatives of the heads of state of the Group of 15 will, on 1 November, begin preparatory talks for the Fifth Summit of Heads of State and Government of the Group of 15.

Argentine, Brazilian, Chilean, Nigerian, Peruvian, Venezuelan, Zimbabwean, Indian, Malaysian, Senegalese, Algerian, Egyptian, Indonesian, Mexican, and Jamaican experts will meet as of 1 November at the Alvear Place Hotel in Buenos Aires.

Their talks will focus on issues that will be addressed in the final declaration of the summit. The objective of this summit is to draw up strategies to deal with economic globalization.

The technical talks will end on 3 November, so the foreign ministers of the 15 member countries will be able to begin their meeting on Saturday to address the political aspects of the issues on hand.

The heads of state will start arriving on 5 November. They will greet President Carlos Menem that night in the foyer of Colon Theater where a gala will be held in their honor. After the show the Argentine president will hold a dinner for them.

Several foreign officials have confirmed their presence at the talks that President Carlos Menem will host. They include Presidents Fernando Enrique Cardoso, of Brazil; Eduardo Frei, of Chile; Sani Abacha, of Nigeria; Alberto Fujimori, of Peru; Rafael Caldera, of Venezuela; and Robert Mugabe, of Zimbabwe. Prime Minister Narasimha Rao, of India; Mohamed Datuk Mahathir, of Malaysia; and Habib Thiam, of Senegal will attend. Foreign Ministers Mohamed Salah Dembri, of Algeria; 'Amr Mahmud Musa, of Egypt; Ali Abdullah Alatas, of Indonesia; and Jose Angel Gurria, of Mexico will attend. Paul Robertson, Jamaican industry, investments and commerce minister, will also attend.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Chile Negotiates Exceptions Lists With Mercosur

PY0111174095 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Oct 95 p A3

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] The Mercosur [Common Market of the South] and Chile decided last week that neither of the two parties will surpass the $300 million in merchandise listed on the exceptions lists. With these negotiations, which will continue on 1 November, Chile and the Mercosur have taken an important step toward signing a free trade agreement before 6 December, the date on which the Mercosur Council will hold its last meeting of the year. The Mercosur Council is comprised of the Mercosur presidents and economy and foreign ministers.

Brazilian negotiator Renato Marques, head of the Foreign Ministry Integration Department, said that the exception list cannot be shortened any further. Negotiations concerning sensitive products and the norms of the agreement will continue next week in Montevideo. Sensitive products are those concerning which tariff reduction until the level of zero is reached will be implemented at a slower pace.

"The negotiations are being carried out with flexibility and pragmatism," said Marques. The Brazilian position is to hasten the negotiations as much as possible in order to meet the deadlines established by the presidents, since they want to sign the agreement before the end of the year. Although the draft agreement is ready, several articles must still be agreed upon by the two parties. The document will mention bioceanic integration, which will allow Chile to export through the Atlantic and the Mercosur through the Pacific.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Robaina Discusses Emigration Conference Structure

PA0111175095 Havana Cuba Vision Network in Spanish 0100 GMT 31 Oct 95

[From the "NTV" newscast]

[FBIS Translated Text] For the second time, Cuba is sponsoring The Nation and the Emigration Conference to be held in Havana from 3 to 6 November. Foreign Minister Roberto Robaina talked to this newscast about it.

[Begin recording] [Reporter Gilda Rubio] The foreign minister announced changes in the structure of the program.

[Robaina] We plan new work sessions that will allow us, first, to talk of the great many things that have been done, and, second, to discuss topics separately instead of holding one meeting.

[Rubio] How would this be done then?

[Robaina] We would say we will hold panels, in which we can discuss the country's economic reality and possible ties with purely economic matters [as heard]. In those panels the participants may also learn how the emigres live wherever they are. Panels can be held to discuss the emigration policy and the increasingly normal relations between the country and the community of Cubans living abroad.

[Rubio] According to the foreign minister, it is impossible to gather all Cubans who want normal relations with their country. He said, however, that the number of participants this year will be greater.

[Robaina] Right this minute, we are talking about approximately 350 participants from over 32 countries. I believe this number exceeds by close to 100 the number of participants in the previous conference.

[Rubio] Regarding those who exclude themselves....

[Robaina] Those who by their own actions are showing they care nothing about the nation for which we all want to live and to whose salvation we all want to contribute are excluding themselves.

[Rubio] Robaina talked of the future of these conferences.

[Robaina] I am one of those who think that some day relations will have to become normal, that we are not devoid of [word indistinct]. [end recording]

Official: Cartels Using Territory To Smuggle Drugs

PA3110195695 Panama City LA PRENSA in Spanish 30 Oct 95 p 3A

[By Lastenia Murillo Munoz]

[FBIS Translated Text] Cuban Narcotics Department Commissioner [el comisionado del Departamento Antidrogas de la Republica de Cuba] Antonio Rodriguez has said that his country's security services have discovered that drug cartels use the island as a drop site to smuggle drugs into the United States. "People in speedboats pick up the drugs near the Cuban coast and smuggle them into the United States. We face a serious problem in that the drug shipments are occasionally left in Cuba," he added. The Cuban official denied that drugs are on the rise in the country, as some international wire services have reported. News agencies reported recently that drug traffickers from different drug cartels were using Cuba as an alternate route to smuggle deadly white powder. "We know that Cuba has been used on occasion as a drop site to smuggle drugs into Europe from South America. The shipments pass through Cuba on their way to Europe," Rodriguez said. The Cuban official added that his country's security services have sufficient resources to cope with drug trafficking.

Police, DGI Catch Sports Industry Supply Thieves

PA3010230695 Havana Radio Rebelde Network in Spanish 1255 GMT 25 Oct 95

[From the "Doing Radio" newscast]

[FBIS Translated Text] [Announcer Rios] Good morning, Captain, how are you?

[Unidentified Captain] Good morning, Rios, very well. Greetings to you and all your listeners.

[Rios] What is today's topic?

[Captain] In El Cerdo, combined police forces working with the DGI [General Directorate of Intelligence], managed to arrest a group of citizens who were stealing sports industry supplies. They stole such things as clothing, leather, and so forth. The police had been working on this case for some time now and a gang comprising more than 10 people were arrested with evidence of their participation. They are now under orders of the prosecutor's office awaiting an oral trial on charges of more than 15 counts of aggravated robbery that they committed in sports industry materials stores and workshops.

[Rios] Are any of them connected with these work centers?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Captain] Yes, there were some with connections to the work center. In fact, there was even a guard involved while they were at work and using it as an excuse to return to the site. We cannot under any circumstance allow situations such as these to take place. There are also corruption problems, which are behind all this...

[Rios, interrupting] Bribery.

[Captain] Bribery. There is no way that we can allow it; our society cannot allow it because of the respect we have for self-employed workers who contribute to the country and who do many things with their work. These people, on the other hand, hang out near the agricultural markets, and we know are involved in totally illegal activities such as not paying taxes. They do not carry out any activity that is beneficial to society and what they do is corrupt. Those too need to be punished. There is a group working with the popular councils and we call the attention to precisely that. We need to work seriously with all the factors that have to do with the everyday life in all these places — popular councils, the police, and so forth.

Lastly, I want to tell you Rios, that on Saturday [28 Oct], a public hearing will be held in the Minit's [Ministry of the Interior] Captain San Luis Higher Institute, to do with the university and its role in society. This topic is very important and includes the many thousands who have graduated since this higher institution was founded. This has to do with values, professionalism, and with the work that has to be done to attain graduates with increasingly higher levels of professionalism and with a truly scientific character.

[Rios] Thank you, Captain.

Economists Evaluate Province's Economic Situation

PA0211022095 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Oct 95

[Report by Fernando Sanchez from the "Doing Radio" newscast]

[FBIS Translated Text] The approximately 100 provincial delegates that have attended the assessment and leadership elections meeting of the National Association of Cuban Economists [ANEC] have advocated above everything else contributing to help Ciego de Avila Province become the seat of the 26 July celebration. The participants have evaluated the province's economic situation for the year and its significant growth and have called for a consolidation of the role of economists. This was confirmed by Alfredo Hondal, a Politburo member and first secretary of the party in the province who has affirmed that enterprises perform well when these professionals have the necessary authority.

ANEC Vice President Aristides Naranjo has stressed the importance of giving special assistance to the basic cooperative production units and add that there are over 3,000 economists involved in this task through contingents or regular assistance visits.

In order to increase the economists' effectiveness in the province's performance, it was agreed at the meeting to establish multidisciplinary groups at the municipal and provincial levels to advise the party and the government in the search for solutions to the region's economic problems.

The delegates to the ANEC provincial assessment and leadership elections meeting have elected the executive bureau that will lead the organization for the next five years under the leadership of Pablo Fontiroche Escobar once again.

National Bank Grants License to Exchange House

PA2810184695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Oct 95

[From the "NTV" newscast]

[FBIS Translated Text] The National Bank of Cuba has informed that it recently granted Casas de Cambio, S.A., Cadeca, [Exchange House, Inc.] a license to begin experimental operations to purchase and sell U.S. dollars and convertible pesos for national currency using the exchange rates quoted in the unofficial market.

This service will initially be provided by Cadeca in Havana and Varadero only to gain the necessary experience before the service is expanded to the rest of the country, if it is advisable.

If advisable, the number of Cadeca branches will be expanded in Havana as follows:

Purchase of U.S. dollars and convertible pesos and sale of pesos in the City of Havana:

The Cuatro Caminos Farmers Market, the Tulipan y Panorama Farmers Market, and the 19 y A Farmers Market.

In Varadero: Casa de Cambio in Playa Avenue and 41st Street.

Sale of convertible pesos and purchase of pesos in the City of Havana:

Ultra Stores, 3d y 70th Street Market, Cubalse [Enterprise for Rendering Services to Foreigners], 5th y 42d Street, Cubalse.

The license granted to Cadeca notes that this company does not have a legal obligation or commitment to carry out these operations, therefore, they will only take place

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in accordance with the commercial analysis done by the company. Cadeca is a 100-percent Cuban Company with its own assets and an independent legal status.

Official Favors Reorganization of Banks

PA3110025095 Havana PRENSA LATINA in Spanish 1551 GMT 25 Oct 95

[FBIS Translated Text] Havana, 25 Oct (PL) — Francisco Soberon, National Bank of Cuba (BNC) president, today affirmed that the changes in the Cuban economy and the development of the international financial environment make the country see the need to reorganize its banking system.

While speaking at a round table organized in this capital by Great Britain's THE ECONOMIST, Soberon pointed out that the decentralization of economic activities and foreign trade, along with the increase in self-employment, triggered a demand for services larger than the current supply by the issuing bank.

In this regard, there emerge requirements for new monetary policy instruments capable of indirectly influencing the activities of non state sectors with a view to steering them toward the nation's strategic objectives.

According to the report submitted to 240 executives and businessmen from 24 countries — report to which PRENSA LATINA had access — the proposal to restructure the national banking system includes changes in the BNC functions, more restrictive domestic credit policies, a fiscal deficit reduction, and the creation of new entities.

As for the latter, Soberon mentioned the likely creation of investment, agricultural-industrial, and trade banks, as well as such recently created institutions as the National Financial Enterprise, Inc. [Entidad Financiera Nacional, S.A.] (Finsa) and Exchange House, Inc. (Cadeca).

As for the Cuban foreign debt, the bank official disclosed that the country resumed informal talks with its creditors as part of a process, the success of which is subject to the implementation of viable solutions "that will take into account the current situation of our economy."

Likewise, the BNC president underscored that they are currently working on extending the credit terms to which the country has access in the mid-term. Most credit terms are limited to short-term loans, which make the financial costs of any type of operations more expensive.

In the opinion of Soberon, this objective is strategic in order to consolidate the growing trend that is starting to be noticed in the Cuban economy (2.3 percent in the first nine months of 1995).

The national system would also include the People's Savings Bank, which have 500 offices throughout the country, the International Trade Bank, Inc. (BICSA) [Banco Internacional de Comercio, S.A.], and the International Financial Bank (BFI) [Banco Financiero Internacional].

Official on Self-Employed Workers Evading Taxes

PA2910153895 Havana Radio Rebelde Network in Spanish 1255 GMT 25 Oct 95

[Report by Mariel Diaz Rodriguez; from the "Doing Radio" newscast]

[FBIS Translated Text] One of the most frequent violations of current fiscal laws that we have noticed is the attitude self-employed workers have taken in their refusal to register in the taxpayers' registry, thus evading the payment of taxes. Paz Noema Martinez, analysis and supervision chief of the Fiscal Audit's Office, commented on this violation at the first national fiscal audit workshop.

[Begin Martinez recording] One example of the main fiscal violations we detect that prevent us from collecting all of the taxes that we must collect, is the issue of self-employed workers who frequently refuse to register in the taxpayers' registry; in other words, their situation is not legal, as they pay no taxes. In the farmers' markets, for instance, it is common not to declare the total amount of merchandise that is up for sale because taxes are paid depending on the total amount of declared merchandise. Furthermore, private companies and entities fail to include in their tax payments all of the invoices they have issued. If invoices are omitted and we do not collect taxable revenue, it could adversely affect the profits of entities that do pay taxes. [end recording]

The first national fiscal audit workshop, which was held in the Nico Lopez High School, ends today.

Haiti

Deputies Approve Werleigh as New Prime Minister

PA0111215695 Mexico City NOTIMEX in Spanish 2023 GMT 1 Nov 95

[FBIS Translated Text] Port-au-Prince, 1 Nov (NOTIMEX) — The Haitian Senate must approve Claudette Werleigh today as the country's new prime minister, replacing Smarck Michel, amid various protests from the people and government sectors.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Werleigh received the Chamber of Deputies's approval last night, and she is now preparing to receive the Senate's approval on 1 November, according to legislative sources.

The former Haitian foreign minister has promised to work and improve the people's standard of living, but she has only three months to fulfill her statements amid a difficult internal and external context.

Local analysts have said no one knows whether the international community, which has promised $1.2 billion in economic aid to Haiti, will easily grant its trust to Werleigh.

The sources added: This will compromise the completion of certain infrastructure projects that will, quite probably, be postponed until the election of a new president who must assume his post in February 1996 to replace Jean-Bertrand Aristide.

There is trouble in the public administration sector, at organizations such as the General Directorate of Taxes [DGI], the National Archives, the Post Office, and even in ministries such as the Interior Ministry, where labor stoppages and strikes are a daily occurrence.

For example, employees at the DGI are demanding a 300 percent salary increase, which the authorities promised three months ago.

Post Office employees declared an indefinite strike days ago, also demanding a salary increase.

The situation is much more complex at the Interior Ministry. A so-called "Group of 75," claiming it represents "activist and consequent employees," requests the president's mediation to settle alleged cases of corruption.

According to observers, the current situation in Haiti resembles the one that prevailed during the early months of Aristide's term in 1991, when strikes were decreed everywhere.

An issue worrying the people: Aristide's succession. Many residents of low income areas are still demanding a three-year extension of the president's term so as to compensate the three years of his exile after the 1991 coup d'etat.

Aristide has said at the United Nations he would organize free and honest elections so Haitians could elect a new president, but analysts agree he has created no confidence among the people.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Alliance for Economic Recovery Objectives Outlined

PA0111122695 Mexico City XEW Television Network in Spanish 0400 GMT 31 Oct 95

[From the "24 Hours" newscast]

[FBIS Translated Text] It is important to keep in mind the main objectives of the Alliance for Economic Recovery that was signed yesterday in Los Pinos.

1. To encourage and promote economic recovery and employment; consolidate the basis for sustained economic growth;

2. To attain a 3 percent economic growth next year;

3. To limit the 1996 inflation rate to 20 percent;

4. To implement a gradual 20 percent increase in the minimum wage: 10 percent by 4 December, and 10 percent by 1 April 1996;

5. To expand public investment and increase the productivity for 1996;

6. To establish fiscal incentives for companies, in order to promote employment;

7. To increase prices and tariffs in the public sector; reduce current expenditure by 4.75 percent in real terms in 1996;

8. To approve the system allowing the floating of the exchange rate and attain balanced public finances next year.

When will the measures announced with the signing of the alliance for economic recovery be enforced?

The Alliance for Economic Recovery established that the increase in gasoline prices and electricity rates will be effective Friday, 1 December. The increase will be 7 percent. This means for example, that Nova gasoline will go from 1.97 pesos to 2.13 pesos per liter, while the Magna Sin [unleaded premium grade gasoline] will rise from 2.05 pesos to 2.21 pesos per liter. Likewise, on Monday, 4 December the first 10 percent increase to minimum wages will be implemented. The wages will be adjusted once again in the same proportion on 1 April 1996.

In regard to the package of fiscal measures that benefit companies and consumers, it will be sent to the Congress of the Union during the first half of November, but it will be in force on 1 January 1996. This refers to value- added tax exemption on processed foods and medicines, the elimination of taxes on new cars, tax deduction on company cars, lifting of taxes on assets, and other fiscal incentives announced in the agreement signed by the productive sectors.

Armed Forces Confirm Support for Alliance

PA0211041595 Mexico City XEW Television Network in Spanish 0400 GMT 1 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo this afternoon met with territorial commanders from all military regions of the country. Defense Secretary General Enrique Cervantes Aguirre said the Armed Forces confirmed their support for the Alliance for Economic Recovery.

Members of the Mexican Army and Air Force met with President Ernesto Zedillo to confirm their support for the signing of the Alliance for Economic Recovery. According to Cervantes Aguirre, the Armed Forces will not lose their confidence or go astray. The general said no one has the right to lose faith in Mexico:

[Begin Cervantes recording] Mexico is much more than its economy, much more than its temporary crisis; it is our blood and spirit. [end recording]

The Mexican president recognized the work done by the Armed Forces for their quiet, efficient, and noble work. He said the Mexican people's effort has not been in vain:

[Begin Zedillo recording] It is not only up to a small group of individuals, no matter how important they may be, to build this confidence. [end recording]

Opposition Claims Exclusion From Alliance

PA0211000995 Mexico City Radio Red Network in Spanish 0000 GMT 1 Nov 95

[From "The Night Monitor" newscast]

[FBIS Translated Text] The signing of the Alliance for Economic Recovery has prompted various reactions, particularly in Congress where opposition legislators claimed in a stormy session yesterday they were not included in the singing of the document at Los Pinos on 29 October.

In that regard, Fernando Ortiz Arana, president of the Senate Grand Commission, has denied Congress was ignored in the drafting and signing of the alliance. Ortiz Arana has said that the legislative branch will discuss and approve in due time the measures falling under its control and that they are part of this mechanism for consensus signed on 29 October. He has clarified that the authority of both the executive and legislative branches was strictly respected and, therefore, that Congress was not excluded.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Reaction to Alliance Reported

PA0111131795 Mexico City Radio Red Network in Spanish 0000 GMT 31 Nov 95

[From "The Night Monitor" newscast]

[FBIS Translated Text] We have already embarked on the new phase of the economic joint effort, now referred to as the Alliance for Economic Recovery, or ARE, as the analysts and economists themselves have already dubbed it. As expected today, Monday, the country's financial markets began to register positive trends after last week's stir, which shook up many investors, as well as economic policy officials of the current administration. There is much optimism following yesterday's signing of the new agreement, and especially there are reactions by the different sectors.

However, not everything is perfect. There were other types of comments. Here is Gloria Hernandez with a report:

[Hernandez] The Mexican Securities Exchange was off to a good start this week as it registered profits for 102.72 points, or 4.57 percent. As a result of this, the leading stock indicator reached 2,348.64 units. More than 84 million shares of stock were traded today. From a total of 103 issuers that quoted prices, 75 increased their prices; 12 reported losses; and 16 remained unchanged.

Today's prime stocks were sold by Probursa financial group, series B, with 13.79 percent, while the losing stocks were sold by Posadas, series L, with 8.98 percent.

The interbanking dollar closed today at 6.94 pesos, 15 cents less than last Friday. Banks and exchange offices purchased the U.S. dollar at a rate ranging between 6.75 and 6.8 pesos and sold it at a rate ranging between 6 and 7.15 new pesos.

Today, the economic cabinet held a news conference. In this news conference, Miguel Mancera Aguayo, governor of the Bank of Mexico, made predictions on how the leading economic variables will close this year. He admitted that official projections for these variables will be surpassed. He explained that the CPI will surpass estimates by 8 percentage points, while the GDP will fall short of projections by 4 percentage points.

[Begin Mancera recording] According to recent estimates, the inflation rate, gauged from December to December, will reach approximately 50 percent. Concerning GDP, recent projections indicate that it will drop 5 to 6 percent. [end recording]

[Hernandez] Mancera Aguayo pointed out that volatile capital [capitales golondrinos] will amount to $5 billion, a much smaller amount than figures registered in 1994. Mancera Aguayo ruled out the possibility of a social crisis erupting in the country as a result of the difficult economic situation being faced by the Mexican family. In a news conference, he disclosed that in November and December, the amount of currency in circulation will increase by 20 million new pesos due to the payment of Christmas bonuses and year-end compensations.

Nicaragua's Leal Arrives for Binational Meeting

PA0111021195 Mexico City NOTIMEX in Spanish 0053 GMT 31 Oct 95

[FBIS Translated Text] Mexico City, 30 Oct (NOTIMEX) — Nicaraguan Foreign Minister Ernesto Leal arrived in this city today to participate in the "1st Mexico-Nicaragua Binational" meeting, in which the countries will analyze bilateral cooperation regarding politics, the economy, culture, and drug trafficking.

Upon arriving at the airport in this capital, where Nicaraguan ambassador to Mexico Ernesto Fonseca Pasos received him this afternoon, the foreign minister said relations between both countries remain at a good level.

"There is confidence this visit to Mexico will further enhance the ties of friendship between the two countries and may open the opportunity for investments, particularly in the area of tourism," Leal said.

The Nicaraguan envoy will participate on 1 November in a plenary meeting at the ministers level that Mexican Foreign Relations Secretary Jose Angel Gurria will also attend. In the two-day meeting, which began on 30 October, officials will examine various issues on the bilateral agenda, including such issues as the flow of migration and cooperation to fight drug trafficking.

Eduardo Belli, Nicaraguan deputy minister of the economy and development, has said the talks for the signing of a free trade agreement with Mexico resumed on 27 October after nearly a year of suspension. Belli expressed confidence in signing the agreement before the end of this year. "We hope to sign it in December," he has said.

Juan Rebolledo Gout, under secretary of bilateral affairs at the Secretariat of Foreign Relations (SRE), who presides over the meetings, was responsible for opening the working tables of the four subcommissions of the Binational Meeting. The working tables will address political, economic, commercial, and financial issues as well as technical, scientific, education, and cultural cooperation. Officials will also discuss the preservation of the environment, the Alliance for Sustainable Development, the Mexican Program for Cooperation with Cen-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

tral America, and Nicaragua's foreign debt with Mexico, which totals $1.5 billion.

PEMEX Approves Privatization of Plant Subsidiaries

PA0111150895 Mexico City LA JORNADA in Spanish 31 Oct 95 p 46

[FBIS Translated Text] As president of the Administrative Council of Mexican Petroleum [PEMEX], Ignacio Pichardo Pagaza, energy, mines and parastatal industry secretary, yesterday authorized the privatization and sale of the assets of the petrochemical plant subsidiaries, despite the fact that five representatives of the Trade Union of Petroleum Workers of the Mexican Republic [STPRM], members of PEMEX's administrative council, voted against privatization.

During a special session of the Council convened to discuss the privatization of assets of the petrochemical plant subsidiaries, Pichardo stated that private investment "will help increase capital in the petrochemical subsidiaries."

Pichardo said that this decision will allow PEMEX to concentrate its investments in the primary areas of its activities, such as oil exploration, and the exploitation and refining of hydrocarbons. Pichardo added that privatization will definitely contribute toward strengthening the nation's petrochemical industry and the entire chemical sector by improving conditions and promoting the sector's competitiveness and growth as a result of the investments of its buyers.

Meanwhile, the five union representatives of PEMEX's Administrative Council said it was impossible to conceive "that the state has to get rid of assets which, evidently, will be run only with business criterion, ignoring its importance as a tool for our national development and subjected only to economic objectives which are not in keeping with our country's requirements and realities."

The union representatives said: "We cannot accept that the Mexican petrochemical sector could fall into the hands of developmentism [desarrollismo], with profit, not social justice, as its main goal."

Moreover, PEMEX Director Adrian Lajous emphasized that with the privatization of the petrochemical company subsidiaries we seek to consolidate a modern and competitive petrochemical sector in Mexico, which will make it possible to finance the *modernization* of activities which constitute the strategic nucleus of that industry, because the money derived from the sale of the petrochemical companies will be assigned to PEMEX's investment budget.

Message to President Criticizes Cement Company

PA0111015295 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 30 Oct 95 p 21A

["A Message to President Zedillo of Mexico;" unsigned; in English; published as a paid ad]

[FBIS Transcribed Text]

A Message to President Zedillo of Mexico:

Why is Cemex [Mexican Cement Company] allowed to benefit from a wall of protectionism which:

Exploits Mexican Consumers

Frustrates Mexico's Economic Recovery

Undermines NAFTA

Violates United States Trade Laws

Cemex's monopolistic position effectively excludes foreign cement producers from the Mexican cement market:

Cemex is the largest manufacturer of cement in the western hemisphere and the fourth largest in the world. Cemex monopolizes the Mexican cement industry and benefits from other structural barriers that limit imports from foreign countries to less than one percent of Mexican cement consumption.

Cemex exploits Mexican consumers by denying access to competitively-priced cement:

Cemex reaps windfall profits at the expense of Mexican consumers. The absence of foreign and domestic competition allows Cemex to charge monopoly prices. There is no low-cost source of imported cement in Mexico — Cemex keeps it out. Established almost three years ago, the Comision Federal de Competencia [Federal Competition Commission] has yet to investigate Cemex's monopolistic and anticompetitive activities.

Cemex's pricing policies frustrate the economy's recovery from the peso devaluation:

Since the 1994 peso devaluation, Cemex has increased cement prices over 40 percent in the face of weak demand. As a consequence of Cemex's pricing power, Mexican consumers must pay more for cement used in housing, infrastructure and other projects. This unfortunate monopolistic abuse has occurred at a time when the Mexican government is struggling to implement a plan for economic recovery which is extremely painful for the citizens of Mexico.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cemex undermines the free trade objectives of NAFTA and violates U.S. trade laws:

The intent of NAFTA was to establish a competitive market in North America by removing trade barriers. Contrary to this intent, Cemex has prevented its North American competitors from exporting to Mexico through its monopolistic control of the industry. Hiding behind a protected market, Cemex has exploited its position by dumping its excess capacity into the U.S. This practice maximizes Cemex's profitability while depressing U.S. cement prices. Cemex's tactics materially injured the U.S. cement industry and its workers in violation of U.S. trade laws.

Cemex has misled Members of the U.S. Congress and damaged the credibility of the Mexican government by attempting to structure a political fix to its illegal practices:

Instead of relieving Mexican consumers of the burden of its monopoly prices, Cemex is now spending its resources to lobby the U.S. government. Cemex is seeking preferential treatment to lift the existing U.S. antidumping order on Mexican cement and to sanction its discriminatory U.S. pricing practices. Through the use of false and misleading claims, Cemex is also trying to get the U.S. to forgive $100 million in antidumping duties deposited with the U.S. Treasury.

Why should the Mexican Government allow Cemex to earn windfall profits at the expense of Mexican consumers and the Mexican economy?

Colosio Assassin on Murder, Part II

PA3110025495 Mexico City LA JORNADA in Spanish 29 Oct 95 p 3

[Last of two installments of report by Elena Gallegos and Juan Manuel Venegas]

[FBIS Translated Text] In the last account of Mario Aburto on the events in Lomas Taurinas and which is expected to be corroborated, new elements emerge that may complicate the case further. He said that a few days before 23 March, strange individuals chased him around, asked about his past, his customs; he even thought he was being mistaken for someone else.

The investigations regarding Aburto did not go unnoticed to his family or friends. Now, 19 months after the assassination of Luis Donaldo Colosio, Aburto disclosed the names of those associates who learned about the harassment which threw him into fear and purchasing a weapon (the famous .38 caliber Taurus) to defend himself. The revolver was in such poor condition that he just paid 800 new pesos for it.

This is what he said on Friday afternoon in a special area for visits in the Almoloya Prison. He asked his interlocutors: "Investigate, please investigate all this!", and he confided to them that in those days of confusion and terror, no one wanted to speak. His friends refused to declare to protect their lives.

Meanwhile, after his mother Maria Luisa Martinez de Aburto was brought to prison in April of 1994 to clear the doubts on the identity of the then-confessed assassin of Colosio, Aburto had not seen anyone from his family.

More than one and half years went by before someone close was able to sit face to face with him. Thus, Peter Schey and Jorge Mancillas, attorney and human rights advocate in Los Angeles, respectively, brought Alma, the wife of Rafael, one of his two older brothers.

The three accepted to talk with these reporters at a table of the Tacuba Cafe. Right before midnight on Friday, Schey shared his views from the long meeting he held with Aburto.

The euphoria on his face when he saw Alma was so great — Schey and Mancillas narrated — that he spoke with more confidence, very casual.

In that setting, together with Alma, Mario Aburto recalled that when he learned he was being chased on 18 March, he bought the weapon. A couple days later, two civilians approached one of his best friends (Schey prefers not to mention his name). They asked him where Aburto lived, worked, and what the customs of his family were.

That same day, his friend talked to Maria Luisa about the incident and she commented they had observed something like that. Schey and Mancillas learned about this situation a long time ago in Los Angeles, in the voice of the Aburtos. They denied that during the weekly telephone conversations of Aburto with his family they have touched on the issue, so they were surprised that now, with the same words, Mario had told them about this.

The following days, Aburto became convinced he did not need a gun, because he did not know how to use weapons and because he did not think he was qualified to use them.

Well, he told them he didn't even try it so he decided to sell it. He thought he could buy a present for his mother on her birthday, which was approaching, with the money he could get.

That is what he was doing on 23 March when he attended the rally (he did not explain what for) and what happened, happened. On Friday, he again told Schey and Mancillas that he did not shoot.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

At this point in the conversation with LA JORNADA, Schey showed a sketch Aburto had drawn up of the murder scene. The attorney had a large number of sheets because the conversation lasted more than seven hours.

According to the testimony of Aburto, he was standing a few steps ahead of the candidate, just behind Vicente Mayoral. He stated that at the time he heard the shots, he turned around and saw a tall and bulky man (we know today this man is Fernando de la Sota) with a weapon in his hand.

Amid the confusion — he commented — Mayoral jumped over him and then Fernando de la Sota pushed Mayoral to the side and fell on Aburto head-on. Because of the weight, Aburto felt he was suffocating. When the soldiers took care of him, amid blows and death threats, they took him to a Suburban, in which they took him to the Attorney General's Office [PGR] building.

According to Aburto, from the very moment of his arrest, he was told they were going to kill him. Later, in the PGR, they beat and tortured him. He recalled that they soaked a sponge and then scrubbed it over his face. "Enter a guilty plea," they insisted.

Time and time again, Mario Aburto said that the threats were not only against his life but against his entire family. He knew they had his mother and his kid sister Karina.

From the PGR they took him to an area that Aburto thought was the beach, but which seems to be close to a river. There, once again they applied torture and demanded: "Enter a guilty plea!"

He precisely recalls De la Sota as one of the men who directed his interrogation and torture.

[LA JORNADA] What does Aburto think of De la Sota?

[Schey] He believed De la Sota is involved in it. Schey replied calmly, based on the account of Aburto.

The attorney recalled that during the conversation, the name of Fernando de la Sota was frequently mentioned by Aburto. "All time," [preceding two words in English] he expressed.

Schey added that Mario believes it was a government-organized plot to get rid of Colosio, who had taken steps to separate the Institutional Revolutionary Party from the government.

He (Aburto Martinez) also asked: "How could I have penetrated the security agents who guarded Colosio?", and he then replies: "well, only with their complicity."

The Initial Investigation, a Farce!

Lawyer Schey said that "from what I have seen" even before the investigation started it was decided that Mario Aburto Martinez would be the only culprit, the only one responsible.

"The investigation that ended with his conviction was a farce! — he added —because it is incomplete; basic evidence was created and manipulated and the weapon used was not preserved to examine the finger prints."

Regarding this point, it is inadmissible that the revolver supposedly used to kill Colosio "went from one hand to another and no one thought of examining it to detect fingerprints. That is a fundamental and obvious procedure in a criminal investigation."

That was not all. The hypothesis that the victim's body shifted from one side to the other "in addition to impossible, is absurd." Saying that Aburto could have fired from two different directions is "illogical" to say the least, Schey said moving his head. What is worse, he added, is that testimonies were "adjusted" to support the hypothesis of a sole assassin.

Another unacceptable mistake that has served to create confusion is the fact that Aburto's clothes were not inspected to determine if his jacket had blood stains that could be Colosio's. None of the steps consonant with the most simple investigation theory was followed.

According to Schey, what really surprised him is the fact that Aburto's confession was accepted, although it was known that it was obtained under torture.

Aburto Does Not Know Who Cortes Is

For the time being, the lawyer is sure that Mario does not know who Othon Cortes Vasquez is. According to the latest reports issued by the PGR, on which its theory about a plot is based, the shifting of the body from one side to the other was indeed impossible; Cortes was reportedly the man who fired at the candidate shortly after he received the deadly shot in his head.

It has been said that Mario and Othon did not necessarily have to know each other, as they could have been hired separately. Schey did not make any comments in that regard, saying that they do not intend to represent Aburto before the Mexican courts, clarifying that his main concern is the request for asylum made by his relatives in the United States.

Nevertheless, he did not rule out the possibility of contributing with some points to clarify the case, because above all, they are human rights defenders.

[LA JORNADA] After talking with Aburto for seven hours, what has impressed you the most?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Schey] What impressed me the most is that Aburto does not seem to be a person capable of killing anyone. Schey, who was very cautious in his statements, said. He is not a man who likes to brag. He seems to be a quiet and gentle person. He does not look like someone who is capable of killing. He thinks before speaking, and when he refers to Colosio he does not show any animosity toward him.

Schey meditated, and then said: "During our conversation, he never tried to confuse things. His recollection was very fluid."

[LA JORNADA] If he now claims to be innocent, why did he plead guilty before?

[Schey] I think that it was basically to survive in view of the death threats against him and his family. After he was tortured, he probably chose the path he believed was less risky. Maybe! Then, before the judge, perhaps under the advice of a lawyer, he changed his first statement, and said it was an accident. He might have thought that this could result in a milder sentence. What seems to prevail all the time in his attitude and words, is fear. He knows that the people who have threatened him are outside and that they could take reprisals against him anytime... and he is trying to protect himself.

During the conversation, he repeated what he has said on numerous occasions in his weekly telephone calls to Los Angeles: He believes a long time will pass before the truth is known. He is sure that the case will not be clarified under this government. "He has accepted the possibility of spending many years in jail," Schey said.

[LA JORNADA] What do you think of Mario Aburto?

[Schey] Either he is innocent, or he is a fantastic actor — he replied calmly.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

El Salvador

Calderon Sol on Fulfillment of Peace Pledges

PA0111130395 San Salvador Radio and Television Networks in Spanish 0202 GMT 1 Nov 95

[Speech by President Armando Calderon Sol to announce the fulfillment of the pledges in the peace accords, on 31 October in San Salvador — live or recorded]

[FBIS Translated Text] Dear fellow citizens, I have considered it necessary to take a few minutes of your time this evening to send a message to the nation and notify all the Salvadorans that today, 31 October, the government has practically fulfilled all the pledges acquired in the peace accords signed in Mexico City on 16 January 1992. I consider that this official announcement represents not only good news for the Salvadoran people but also reason for a legitimate pride because peace is an accomplishment and benefit that we have all achieved with great efforts and sacrifices.

As president of the Salvadorans I feel extremely satisfied and proud that we have this great triumph and that the only things left in the compliance process are pledges that, due to their own characteristics, are in the implementation phase and should be settled no later than 30 April 1996, when the accords' deadline expires.

I am satisfied by this achievement because, since the beginning of the peace process sponsored by former President Alfredo Cristiani, as leader of my party I determinedly supported the search for peace. Later on, as president elect, I visited the UN Secretary General to thank him for the world organization's participation in the Salvadoran peace process, and to guarantee that my government was determined to fulfill in their entirety the pledges derived from the peace accords.

With that same spirit and purpose, the day that I assumed the presidency of the Republic I solemnly ratified before the nation my pledge to dedicate the biggest efforts to the fulfillment of the accords to consolidate peace and strengthen the democratic process. I spoke then about a peace that would transcend the limits formally established by the clauses of a document; a peace that should go beyond the silencing of weapons and that would be expressed by the development of a new El Salvador, where we could all live within the framework of law and democracy, and El Salvador would become a country of opportunities for all, through the recognition of human beings as the nucleus of society and the family.

Thank God and everyone's firm determination, we have now reached the home stretch of the process, and we can dedicate our energies and resources to the consolidation of a qualitatively superior peace that opens the way to an overall development to eradicate poverty and improve our people's living conditions — basically the most needy sectors. We, the Salvadoran people, should feel proud of what we have achieved with the achievement of peace and the fulfillment of the Chapultepec Accords.

We can now appreciate with deep satisfaction that the efforts and sacrifices we made have not been in vain, and our country has risen from the ashes of a war and marches with a firm step toward its full development. We have always said that peace belongs to all of us because we have all achieved it. Full compliance with the peace accords costs the sum of 21.5 billion colones. We have paid 68 percent of the amount with our own resources. The international community has contributed the remaining 32 percent. This large sum clearly shows us that a sizable part of the people's resources have been invested and are being invested in the implementation of the programs for the demobilization of former fighters and their return to civilian life and production activities; the reconstruction of bridges, health centers, schools, electric facilities, highways, and other important parts of the national infrastructure; and to provide budgets for the new democratic institutions that have been created through constitutional reforms — the National Public Security Academy, the National Civilian Police, the Human Rights Ombudsman's Office, the Supreme Electoral Tribunal, and the National Council of the Judiciary.

Dear fellow countrymen:

Seventeen months of intensive government work have elapsed since I took office as president. This has been a very complex period because various sectors in Salvadoran society are undergoing a readjustment process in view of the new national reality, and the whole country is experiencing a transition from war to peace.

To achieve the fulfillment of peace agreements, we have faced political pressures from different sectors, demands for benefits that go beyond the peace agreements and that exceed the state's financial possibilities, labor problems, and increasing demands for public security and assistance from all social services provided by the government for the people. At all times during the peace process, the government has been honest and has demonstrated its full political resolve to find by means of a dialogue the solution to multiple problems related to the fulfillment of the peace agreements.

The UN evaluation documents confirm that we have worked with a great sense of responsibility and dedication to achieve what at first appeared to be impossible when I took office.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

For the aforementioned reasons, today we officially declare that this historic phase of the peace process has concluded, and we immediately begin a new phase for the comprehensive and sustained development of our country. The organizations involved in issues that are still pending will continue working in coordination, always under UN supervision, to completely execute their obligations scheduled for 30 April 1996.

We hope that, in connection with any claim on pending cases related to the peace agreements, the interested parties should concur to the courts that were created in compliance with the new democratic order. Regarding the solution of problems, the very few that have remained should be handled in accordance with the law, but never by force or through confrontation. Now that this phase has concluded, all of the nation's available forces and resources should concentrate on the promotion of our country's economic and social development.

The eradication of poverty constitutes the main challenge we should face to do away with the fate that rules that whoever is born in poverty is condemned to die in poverty. The human being's development is one of our government's highest priorities. In accordance with this goal, we will continue promoting our country's economic growth by strengthening the production sector to generate more sources of employment because employment dignifies and promotes the human being's welfare.

Education is included as a priority in our agenda. Throughout the remainder of my term, we will implement all the phases of educational reform, which our country needs so much, to overcome underdevelopment and to transform El Salvador into a country providing opportunities for all. We have already initiated the transformation of our educational system by developing programs on EDUC [no expansion available], healthy schools, and adult literacy. These programs are carried out with the full participation of both the government and the communities to expand the coverage and quality of education for Salvadoran children and youth.

Health is another important element for social development. During our administration, health coverage has increased by reopening and inaugurating new health centers and providing them with staff, supplies, equipment, and medications. One of the main challenges in this sector is to maintain and expand health services to reach all of the Salvadoran people, particularly underprivileged rural and urban groups. In addition, we must promote reforms in the health sector and educate and train the needed human resources.

The water supply and environmental cleansing are contemplated in our plan of action. For this reason, we will go on increasing the capacity and quality of services, making it a priority to take care of urban and rural comunities where services are lacking. We will get citizens and municipalities involved in carrying out projects and in the maintenance of the finished work.

Housing and urban development is another factor within social progress. By paying due importance to it, we are strengthening the national fund for popular housing, the program El Salvador, a Country of Owners [El Salvador, un Pais de Propietarios], municipal parceling, and the organization of the new settlements to provide the population with basic services. In the same way, we will reactivate the construction sector, in order to supply more houses to the other sectors of the population.

With regard to local development, we will establish the adequate institutional framework to coordinate and harmonize the mechanisms in charge of conducting the needed resources to finance projects of basic economic infrastructure and support services in communities.

In this way, we will advance in the process of administrative decentralization, and we will continue to promote direct participation of the municipalities and community organizations, so that all Salvadorans can be participants and beneficiaries of national progress.

We are also determined to promote a national action plan to improve the situation of Salvadoran women, validating their rights as citizens, mothers, workers, and the main foundation of their families. By means of the National Secretariat for the Family and other public and private institutions, we will encourage more attention to children, youngsters, and the elderly, mainly among the groups considered vulnerable.

Salvadorans, we are at the threshold of a new century. We are faced with an important task that cannot be postponed, in order to build a new El Salvador we will leave as a legacy for the new generations. The challenges are big, but as we had the strength to reach peace, we are also going to promote the total development of our country by concentrating all our efforts and creative abilities.

Without forgetting historical lessons, let us look with optimism and confidence toward the future of our country. Let us strengthen peace and democracy, consolidating the state of law by strictly respecting the law. Let us put our efforts in productive work, and let us put above everything else the interests of Salvadoran society.

At the end of this final stage of the peace process, we begin a new stage for the overall and sustained development of our country. I am sure that with God's help and everyone's work we will be able to do it. The time has come for great achievements that will permit

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

us to consolidate peace, to strengthen democracy, to live in freedom, and to enjoy the benefits of progress.

Good night; thank you very much.

Guatemala

OAS Asks President for Information on Massacre

PA0111021095 Guatemala City LA REPUBLICA in Spanish 28 Oct 95 p 2

[Report by Miguel Ignacip Acabal]

[FBIS Translated Text] The OAS has asked President Ramiro De Leon Carpio to provide information about the incidents involving the massacre that occurred last 5 October in the community of "Aurora 8 de Octubre," Xaman, Chisec, Alta Verapaz, David J. Padilla, OAS assistant executive secretary, announced yesterday.

A document from the Inter-American Human Rights Committee (CIDH) of the OAS, which was made public yesterday in the Guatemalan capital, states that the Guatemalan Government was asked on 20 October to explain the events of the massacre.

The requirement implies that De Leon Carpio will have to explain before the organization the shameful incidents that occurred in the country in recent days. This request also commits the president, morally and politically, in his capacity as general commander of the Army, to submit the requested report in this regard.

The massacre staged by members of the military who attacked residents of the region, 300 km north of Guatemala City, has been reported beyond our national borders, prompting a pronouncement of peoples organizations and sectors of the international community.

On this occasion, the victims in the community "Aurora 8 de Octobre" are individuals who returned from Mexican territory recently after leaving the country more than 10 years ago because of the armed conflict.

Meanwhile, attorney Sergio Manfredo Belteton de Leon, who received the OAS document, has also been asked to present a report on the massacre. LA REPUBLICA obtained a copy of the document asking Belteton de Leon to present a report on the events he denounced last 8 October before the CIDH. He reportedly asked the CIDH to adopt measures to protect the community, which is located at the Xaman farm, Alta Verapaz Department.

Belteton de Leon on 8 October denounced before the CIDH of the OAS the events that occurred between soldiers and residents from the above area, which resulted in 11 peasants dead and 25 injured. In this regard, the attorney told LA REPUBLICA that the CIDH had informed him that it was very concerned about the victims' safety. According to him, the CIDH warned that the danger these people are in should be noted so as to prevent any future eventuality.

President: Minugua Report Severe, Realistic

PA0211004795 Guatemala City Televisiete Television in Spanish 1900 GMT 31 Oct 95

[From the "Channel Seven News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] President Ramiro De Leon Carpio has described the report issued by the UN Mission for Guatemala [Minugua] as severe but realistic:

[De Leon] "We have studied it, and the truth is that it is a severe but realistic report. It is severe, because it notes the human rights problems in the country. I would say it points out the qualitative aspects not the quantitative aspects, because we know there are no more violations regarding the quantitative aspects.

"The report you are now looking at includes more charges, but this does not necessarily mean more violations have been committed. The human rights report could include 10,000 human rights charges, but this indicates there are more facilities and more freedoms to file the charges. You may recall that when I was human rights ombudsman, we classified them as charges of alleged violations and charges of possible violations.

"The report covers the period between May and August. As I said before, it is severe but realistic. It is realistic, because it contains in-depth information. For example, it talks about the problems in the justice system, the administration of justice, impunity, problems at the Prosecutor General's Office. It also talks about citizens' security. These are topics that are not supposed to be resolved overnight. It is severe but realistic. It talks about situations that have not been resolved according to the recommendations of [words indistinct]. It especially deals with in-depth problems.

"The report deals with problems of impunity, the administration of justice, threats to judges, things like that. These things do not only depend on the [words indistinct]. It deals with qualitative aspects of human rights."

Defense Minister Marco Antonio Gonzalez Taracena, commenting on the Minugua report, has said he believes the report is appropriate:

[Gonzalez] "It is a very professional report [words indistinct] by Minugua. Charges have been made against the institutions, and we are naturally going to investigate

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and take the proper measures. We believe these types of reports are necessary. [Words indistinct] strengthen respect for human rights and strengthen respect for the law. That is the idea."

The Information and Press Department of the Army [DIDE] has stated the armed institution is still making efforts to reduce the number of human rights violations involving Army soldiers:

[DIDE Director Guillermo Caal Davila] "We believe the Army has done everything possible to reduce problems of human rights violations. They have tried as much as possible to get the Army's actions to be in keeping with the law. We are going to continue taking actions to contribute to the well-being of the people and the strengthening of the state of law in Guatemala.

[Unidentified reporter] [Words indistinct].

[Caal] "You definitely know there have been many accusations against several institutions, not only against the armed institutions. Their duty is to seek the causes behind the human rights violations. What we can tell the people in general is that the Army is doing everything possible to decrease the problem of human rights violations. We contribute in this manner, but you must also know that other institutions have also been involved in this matter, not to mention the URNG [Guatemalan National Revolutionary Unity], which has been violating human rights by threatening mayors and residents when it conducts its activities of political proselytism."

URNG 'Electoral' Truce Enters Into Force

PA0111213795 Guatemala City LA REPUBLICA in Spanish 31 Oct 95 p 6

[Report by Ramon Hernadez]

[FBIS Translated Text] The "electoral" truce the Guatemalan National Revolutionary Unity [URNG] leadership decreed this past August so as not to obstruct the elections scheduled for 12 November will enter into force this midnight and is an announcement that has pleased the majority of the people.

During the past days prior to the cease-fire, the guerrillas have conducted intense lobbying activities in the rural and city areas in an attempt to urge the 3.7 million Guatemalan voters to vote for their candidates on 12 November.

The URNG declared the unilateral truce that will last from 1-13 November during the closing of the Fourth Central American Political Parties Conference that took place in Panama City and was incorporated into the Contadora Declaration signed by the guerrilla leaders.

In its main part, the Contadora Declaration has stated that "as a gesture of goodwill and with the desire to facilitate the exercise of political rights by the Guatemalan people, offensive military operations will be suspended from 1—13 November."

Central American Parliamentarian Hector Klee Orellana said a few hours before the electoral truce goes into force: "We trust that the URNG will keep its word and that the cease-fire will be a reality that will contribute to the current electoral process."

The declaration added: "We are already holding talks with the URNG commanders so as to expand the electoral cease-fire for the second round of elections scheduled for 7 January 1996."

In that regard, the document has stated that a note has been sent to the URNG commanders through Hector Rosada Granados, president of the governmental Peace Commission, stressing the need to declare an electoral truce for the second round of elections scheduled for 7 January.

Minugua [UN Mission for Guatemala] Joint Director Gerald Plantegenest said yesterday that that mission values the unilateral decision establishing a cease-fire, "because it will undoubtedly contribute to creating better conditions for the electoral process."

Government Asks URNG To Extend Truce

PA0211011295 Guatemala City PRENSA LIBRE in Spanish 1 Nov 95 p 3

[FBIS Translated Text] The government yesterday asked the Guatemalan National Revolutionary Unity, URNG, to extend indefinitely the truce that went into effect early this morning, because the armed confrontation *has no reason for being.*

The cease-fire will allow for a greater participation of voters, but it must be extended indefinitely regardless of what may be determined at the negotiations table, President Ramiro De Leon Carpio said when being interviewed at La Industria Park at 1230 after inaugurating the 13th International Fair, Interfer.

The URNG must understand that unnecessary deaths could be avoided with an indefinite cease-fire, the president said after stating that the Guatemalan people hope the rebels will fulfill their promise of no more confrontations.

The URNG General Command promised at Contadora Island, Panama, last September it would declare a unilateral truce so as to prevent incidents from occurring during the 12 November elections. The truce offered by

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the rebels went into effect today, 1 November, and will end on 13 November, a day after the elections.

Meanwhile, Vice President Arturo Herbruger Asturias, who was interviewed minutes after De Leon Carpio made his statements at La Industria Park, said the truce announced by the guerrillas could lead to the *signing of the peace agreement. Besides, the purpose behind the truce is for it to be extended until the conclusion of the negotiation process,* Herbruger Asturias said.

Defense Minister Believes There Will Be More Calm

Defense Minister Marco Antonio Gonzalez Taracena, who was also present at the inauguration of Interfer, said the truce agreed to by the rebels is very positive but not enough for the Guatemalans.

The important thing is that it must not be temporary but, rather, a definitive thing, something that is compatible with the desire of the Guatemalans, he said.

He said the Army will continue fulfilling the duties assigned to it by the Constitution of the Republic, as the defense of the sovereignty, honor, and independence of Guatemala.

Briz Requests Dialogue With the URNG

Also, Jorge Briz Abularach, president of the Chamber of Commerce, said the continuation of the armed conflict is *absurd,* the reason why the URNG must lay down its weapons and begin talks with the various sectors of the country.

These 35 years of war have shown us that Guatemala's problems are not resolved through weapons but, rather, through an open and frank dialogue among all the sectors of our society, said Briz, who was interviewed at La Industria Park after the inauguration of Interfer.

He said there is no room at this time for armed groups, even those alien to the URNG, that are attempting to reach power through the path of weapons.

Truce Must Be Fulfilled, Says Deputy Duarte

Deputy Pablo Duarte Saenz de Tejada, president of the Legislative Peace Studies Commission and a member of the Guatemalan Republican Front, FRG, said yesterday at 1100 in the commission headquarters in Casa Larrazabal building adjoining the Congress building that the truce and cease-fire the URNG has announced must be fulfilled.

We signed the Contadora Declaration in which the Guatemalan National Revolutionary Unity, URNG, pledged not to stage offensive actions, and this must be fulfilled, he said.

According to Duarte, the FRG regards itself as a custodian of the Contadora Declaration, and the moment it is not fulfilled and prevents the elections from being held without any problems, the FRG will renounce the declaration.

President Comments on URNG's Truce

PA0211000895 Guatemala City Teleonce Television in Spanish 0100 GMT 1 Nov 95

[From the "Telepress Newscast"]

[FBIS Translated Text] President Ramiro De Leon Carpio and Defense Minister General Marco Antonio Gonzalez Taracena have said they hope the URNG [Guatemalan National Revolutionary Unity] will effectively comply with the truce it has declared, which should begin at midnight and will end on 13 November:

[Begin De Leon recording] The Guatemalan people hope this cease-fire will be observed. It should allow the electoral process to be conducted peacefully up to 13 November. It will allow for a greater participation of voters, and we have to recognize that point. It is, therefore, something that should be extended, something which I believe the Guatemalan people are demanding.

The people would like the cease-fire to be extended up to 15 January and indefinitely if possible, regardless of the negotiations. We hope the URNG will demonstrate this political commitment, because people want, demand no more killings. [end recording]

President Implies URNG Supports FDNG

PA0211001095 Guatemala City PRENSA LIBRE in Spanish 31 Oct 95 p 4

[FBIS Translated Text] During an improvised news conference outside the reception hall of the National Palace, President Ramiro De Leon Carpio has implied the New Guatemala Democratic Front, FDNG, is the political party the National Guatemalan Revolutionary Unity, URNG, supports.

The URNG is not only urging people to vote but is also participating in a political organization that proposes candidates for president, vice president, and the Congress of the Republic, the president said after delivering the constitutional 10 percent allotted to the municipalities in a ceremony held at the reception hall.

Asked about which political organization he was talking, De Leon Carpio said *everyone knows the name,* after the URNG distributed propaganda that includes the name of the party it supports. Even though the president did not mention the name of the political party about which he was talking, it was evident he was referring to the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

FDNG, an organization that has denied any ties with the rebels.

The president said that because the Supreme Electoral Tribunal, TSE, and the Human Rights Ombudsman's Office, PDH, have refused to organize free transportation for the 12 November elections, it will be better to reform the Electoral and Political Parties Law so this does not happen in the future.

The president believes the money offered by international organizations to subsidize transportation will be lost, because none of the agencies that have been asked to assume the responsibility has accepted it. *I believe the most appropriate organization for this is the TSE*, De Leon said after stating this would be one of the reforms he will propose, as well as giving voters more support so they may exercise their right to vote.

Panama

Businessman Linked to 1994 Bombing of Alas Airplane

PA0111223695 Panama City Circuito RPC Television in Spanish 2300 GMT 31 Oct 95

[Report by Orlando Mendieta from the "RPC Television News" newscast]

[FBIS Translated Text] A Colon Free Zone businessman who was arrested for his involvement in a money laundering network that has made more than $500 million in transactions is linked to the case of the attack on an Alas Airline airplane in 1994.

[Reporter Orlando Mendieta] New revelations have surfaced following the arrest of Albert Laila, who has been involved in a money laundering network that has operated between Panama and New York to launder drug trafficking money. Investigators have now identified Laila as the person who maintained close contacts with Lebanese citizen Lya Jamal, who was identified as the man carrying the bomb that brought down an airplane belonging to Alas Airline in 1994, claiming 21 lives.

According to investigations, an intelligence report has revealed that Laila was sought by the Terrorism and Violent Crime Section of the U.S. Department of Justice, because he flew several times with Jamal and took that same flight to the Colon Free Zone the morning of the day of the attack.

Although defense attorney Cesar Guardia did not comment on this topic, he has reiterated that his client should be released after being arrested on charges of money laundering:

[Begin Guardia recording] There is no evidence to prove or justify the taking into custody of Mr. Laila; therefore, we feel that the Supreme Court of Justice will order the release of Albert Laila in the next few hours. [end recording]

[Mendieta] Laila faces seven charges of drug trafficking and, according to sources of the Attorney General's Office, will be summoned for questioning on the case of the Alas airplane bombing.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Iranian Enovy Arrives To Address Assassination Attempt

Envoy Wants Action Over Attempt

LD3110223395 Tehran IRNA in English 2142 GMT 31 Oct 95

[FBIS Transcribed Text] Madrid, Oct. 31, IRNA — Iranian Foreign Ministry official, Mohammad Reza Bakhtiari, arrived in Buenos Aires on Monday and handed over an official letter to the Argentine Foreign Ministry calling for urging immediate steps to identify, arrest and put on trial those involved in the assassination attempt on Iranian diplomat, Gholam-'Ali Rajabi-Yazdi.

He urged the Argentine Foreign Ministry to keep the Iranian Embassy informed of the different stages of the legal proceedings of the case.

Bakhtiari, who is Foreign Ministry director general for American affairs, asked the Argentine Government to provide adequate security for the Iranian diplomatic mission and the staff of the embassy and to compensate the financial loss as a result of the assassination attempt.

Bakhtiari paid a visit to Rajabi-Yazdi at the hospital where he is recovering. He thanked the medical team at the hospital for their hospitality and efforts to save the Iranian diplomat's wife.

Bakhtiari also held talks with the director general of the Argentine Foreign Ministry for the Middle East, Colombo, and discussed the assassination attempt which has cast a shadow on Tehran-Buenos Aires relations.

He expressed the concern of the Iranian Government over the assassination attempt and put emphasis on the Geneva convention, regretting that such acts of terrorism were being carried out for political ends by elements belonging to certain groups in Argentina.

Bakhtiari referred to the efforts made by those certain groups to strain relations between the two countries and said that the said groups have levelled unfounded allegations against Iran without offering a single bit of evidence to support their charges.

Colombo said judicial investigations are underway and the possibility of terrorism cannot be ruled out in the incident.

Rajabi-Yazdi was shot at point blank range by a motorcyclist believed to be a Zionist agent, while driving his wife and two children in Buenos Aires.

Meets With Interior Minister

PY0111164695 Buenos Aires TELAM in Spanish 0004 GMT 1 Nov 95

[FBIS Translated Text] Buenos Aires, 31 Oct (TELAM) — Interior Minister Carlos Corach today met Mohammad Reza Bakhtiari, the Iranian Foreign Ministry's director general for European and American affairs. Corach informed the Iranian envoy about the investigations into the attack perpetrated against the Iranian Embassy's charge d'affaires, Gholam 'Ali Rajabi Yazdi.

The Iranian envoy, who was sent by his government to become acquainted with the details of the attack perpetrated against Yazdi on 21 October, said: "The minister informed me that the investigations are being pursued and that they have other information with which they will supply us through the trial judge."

The Iranian official occupies the post of Iranian Foreign Ministry director general for European and American affairs. He traveled to Argentina especially to become acquainted with the incident that occurred 10 days ago in Buenos Aires.

Interior Ministry sources reported that the meeting was "extremely cordial." During the meeting, the foreign diplomat asked for details of the attack perpetrated against the charge d'affaires.

The sources pointed out that, during the half-hour meeting, the interior minister gave a "detailed explanation of the information available on the attack that was perpetrated a few days ago."

The sources added: "We told him (the Iranian envoy) that the president had issued specific orders to pursue this investigation, no matter the cost, and resolve the incident."

The sources added that, following a proposal raised by Corach, the Iranian envoy "willingly" accepted the idea of a meeting on 1 November with Federal Police Chief Adrian Pelacchi and Trial Judge Gabriel Cavallo.

After the meeting, Reza Bakhtiari pointed out that Corach "supported us and gave us assurances that they would fully dedicate themselves to resolving this matter through their investigations."

Bakhtiari reaffirmed his country's hypothesis that the attack perpetrated against Yazdi, who was discharged today from the clinic where he had been admitted, actually was an attack. Asked about his interpretation of the incident, the Iranian envoy said: "Without a doubt, it was an attack."

Bakhtiari expressed his "concern" over the absence of detainees and other clues in the investigations, and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the fact that "this type of incident remains behind a smokescreen."

Bakhtiari expressed his country's goal of pursuing bilateral ties. He emphasized: "Without a doubt, we want to maintain excellent relations with the Argentine Government. We want the two countries to enjoy good relations."

Asked about his view of Hizballah activities, the Iranian envoy said his country maintains relations with Hizballah, as a recognized political party, and with other organizations as well.

The Iranian envoy explained: "Hizballah is a political party and, as such, we maintain relations with it. It is a legal political party in its country (it operates in Lebanon) and has congressional representatives."

Bakhtiari said: "We maintain relations with the Hizballah, as we maintain relations with other political parties of the world." Afterward, the Iranian envoy met Foreign Minister Guido Di Tella at the Foreign Ministry.

Meets With Foreign Minister

PY0111160695 Buenos Aires TELAM in Spanish 0048 GMT 1 Nov 95

[FBIS Translated Text] Buenos Aires, 31 Oct (TELAM) — Iranian Government envoy Mohammad Reza Bakhtiari today emphasized that Foreign Minister Guido Di Tella guaranteed that the investigation into the attack perpetrated against the Iranian Embassy's charge d'affaires in Buenos Aires would be pursued until the incident is totally resolved.

Reza Bakhtiari met Di Tella at the Foreign Ministry today. During the one-hour meeting, the Iranian envoy received guarantees from Di Tella about the Argentine Government's decision to "resolve the incident, whatever the cost."

At the end of the meeting, however, the Iranian envoy pointed out: "Taking into account the characteristics of the attack and the telephone calls received in Madrid and New York, we believe the attack against our charge d'affairs, Gholam 'Ali Rajabi Yazdi was perpetrated by the Zionist Israeli Government."

The Iranian envoy made these remarks tonight, upon leaving Foreign Minister Di Tella's office. The Iranian envoy was accompanied by Interior Minister Carlos Corach, with whom he met at Government House this afternoon.

Bakhtiari said: "On the day of the attack, we received a telephone call at the ISLAMIC REPUBLIC NEWS AGENCY (IRNA) office in Madrid in which an organization of Jewish youths claimed responsibility for the Buenos Aires attack, as a reprisal for the AMIA [Argentine-Israeli Mutual Association] incident."

Bakhtiari noted that the following day "a call was received at the UNITED PRESS INTERNATIONAL [preceding three words in English] (UPI) office in New York, again on behalf of a Zionist youth organization."

Bakhtiari also indicated that an article published by the JERUSALEM POST yesterday describes the attack "as Israel's resumption of acts of terrorism." The newspaper also describes the attack as "an act of justice."

In answer to a question, the Iranian envoy denied that his country had requested authorization to participate in the investigations, with Iranian detectives. He emphasized: "Taking into account the assailant's modus operandi, I believe, without a doubt, that it actually was an attack."

Noise Bomb Damages Cordoba Courthouse

PY0111154695 Buenos Aires TELAM in Spanish 2130 GMT 31 Oct 95

[FBIS Translated Text] Cordoba, 31 Oct (TELAM) — Court sources have reported that District Attorney Miguel Ortiz Pellegrini has ordered a full investigation to identify the people who detonated a powerful noise bomb at the Courthouse today.

According to the sources, the noise bomb caused great concern and property damage, but no casualties.

The strong explosion, which shocked a large number of people who were walking in the corridors, affected the second floor, involving one of the archs on the Lost Steps Hall, near the auction sale hall.

In remarks to journalists, Ortiz Pellegrini said it was "a fireworks device" that damaged the masonry and shattered the windows of nearby offices.

Ortiz Pellegrini also noted that, after the explosion at about 0700 today, bomb squad personnel checked all the offices, "without discovering anything unusual."

Communique Issued on Gorriaran Merlo's Arrest

PY0111153595 Buenos Aires TELAM in Spanish 2134 GMT 31 Oct 95

[FBIS Translated Text] Buenos Aires, 31 Oct (TELAM) — The Foreign Ministry has reported that the Mexican Government was alerted to the possible entry of terrorist Enrique Gorriaran Merlo under a false name and with forged papers. It added that three Argentine intelligence agents travelled to Mexico to cooperate in the transfer of the detainee.

The Foreign Ministry this afternoon issued a communique giving details of the operation that concluded on

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

27 October with the arrest of the Argentine terrorist in Mexico.

The communique states that the request for the arrest of Gorriaran Merlo "was filed with Interpol by Argentina in 1989 because of his involvement in the takeover of La Tablada Regiment," and that the Mexican Government had been alerted to the "possible entry of Gorriaran Merlo under a false name and with forged papers."

The communique states: "In light of this, the Mexican migration department arrested him on 28 October 1995."

It adds: "Following his positive fingerprint identification and his confession, a decision was made to expel him under the local population law because he entered using a false name and nationality, and with forged papers."

The communique explains: "This administrative procedure, which is routinely adopted in such cases, differs from procedures used in extradition treaties."

Concerning the "operation of Argentine agents in Mexico," the communique explains that "security and intelligence forces of various countries frequently cooperate among themselves."

The communique notes: "It is clearly understood that agents working outside their own countries never engage in operational tasks — only in the exchange of information."

It emphasizes that after Gorriaran Merlo was arrested and identified, and after confirming "how dangerous he is, Mexico was asked to transfer him under tight security conditions."

The communique concludes by saying that "three SIDE (Secretariat for State Intelligence) agents travelled to Mexico to cooperate with the security of the transfer, which was the responsibility of Mexican migration authorities."

Menem Stresses Mexican Cooperation

PY3110130395 Buenos Aires TELAM in Spanish 1040 GMT 31 Oct 95

[FBIS Translated Text] Buenos Aires, 31 Oct (TELAM) — President Carlos Menem has emphasized the cooperation received by Argentina from the Mexican Government, allowing the capture of terrorist Enrique Gorriaran Merlo.

"I want to emphasize the significant cooperation received" from the government of President Ernesto Zedillo, which facilitated the arrest and immediate transfer to Argentina of the most wanted guerrilla of recent times, Menem told TELAM.

In remarks at the Olivos residence last night, Menem noted that, for a long time, security and SIDE [Secretariat for State Intelligence] forces had been carrying out an operation, involving 60 men who operated in various countries.

The president indicated: "However, a small group ultimately operated in Mexico to bring Gorriaran Merlo to Argentina, which, as everyone knows, was a success."

President Menem also emphasized "the clear stance taken by all Latin American countries in the struggle against terrorism."

Official Denies Friction Over Arrest

PY0111234595 Buenos Aires TELAM in Spanish 1453 GMT 1 Nov 95

[FBIS Translated Text] Buenos Aires, 1 Nov (TELAM) — Argentine Deputy Foreign Minister Fernando Petrella today denied that Mexico is upset over the way the operation that led to the arrest of terrorist Enrique Gorriaran Merlo has been reported in Argentina.

Petrella told Radio Del Plata that the Mexican Government "is not upset." He added: "It is perfectly clear that he (Gorriaran Merlo) was under the surveillance of different agencies over six years, and that the State Intelligence Service [SIDE], has done a lot."

Petrella downplayed the note of the Mexican Secretariat of Government, saying: "The parties agreed it was necessary to release a similar communique in both countries."

The deputy foreign minister emphasized that the Argentine Foreign Ministry communique released on 31 October makes it "perfectly clear" that Gorriaran Merlo was arrested by Mexican Police forces.

Asked if SIDE agents were present at the time of the terrorist's arrest, Petrella answered: "I do not have enough information on the subject."

Asked if Argentine President Carlos Menem and Mexican President Ernesto Zedillo discussed the issue prior to the arrest, Petrella answered: "I know nothing about it."

When the deputy foreign minister was asked if negotiations are underway to arrest Gorriaran Merlo's twin daughters in Mexico — because the two young women are charged with involvement in the attempt to seize La Tablada Regiment — he answered: "This is a consular-level matter about which I have no answers at this time."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

President Menem Closes Banking Convention

PY0111202595 Buenos Aires TELAM in Spanish 0110 GMT 1 Nov 95

[FBIS Translated Text] Buenos Aires, 31 Oct (TELAM) — President Carlos Menem today asked the provincial bankers, who are Abapra [Provincial Banks Association of the Argentine Republic] members, to secure loan facilities for the Small and Medium-Seized Enterprises (PyMES). He also confirmed that it is necessary to reduce the banking interest rates.

Closing the Eighth Abapra Annual Convention, Menem also confirmed the government's economic course. He said. "Nothing and no one will make us change this course."

Concerning the high banking interest rates, Menem said: "It is not possible for a country with an interest rate of 0.3 percent per annum, which has been targeted for this year, to have interest rates that are so high."

Menem announced that "over the next few months," the government would give an "overwhelming" response to unemployment. He noted that, according to the latest data, there is a "slight" reduction in the unemployment rate.

The president put aside the speech that he had prepared and delivered an impromptu speech to ask the Abapra members "to help us in this task" of struggling against unemployment.

Menem noted: "It is necessary to confirm, one more time, that nothing and no one will make us relinquish this (economic) system."

Menem explained: "It is not possible to grow without investments. Investments are not available unless loans are readily available. And the banks are responsible for readily available loans."

Menem described the finances as "economic engineering." He added: "If the finances are sound and work, the economic system works."

Menem also emphasized this year's increase in exports. He announced: "At the end of the year, we will achieve a 1.5-billion pesos trade surplus."

The president also criticized some entrepreneurs, pointing out: "Many of them are not acquainted with the new labor code and are not taking advantage of the opportunities that the new labor code raises for creating more jobs."

Menem also discussed the integration among Mercosur [Common Market of the South] countries and emphasized the signing of agreements between Abapra and the Brazilian state banks.

Bolivia

Police Destroy Reorganized Guerrila Cell

PY0111174295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 1 Nov 95

[FBIS Translated Excerpt] According to an official report, the police managed to disarticulate and destroy an EGTK [Tupac Katari Guerrilla Army] ...' that was being reorganized. The group was allegedly involved in the four armed robberies in Hualpacollo and the killing of two policemen in Alto San Pedro three weeks ago. Guillermo Mamani Churata is one of the cell leaders.

The police reported that last week they destroyed an Aymara [Indian] cell of the EGTK rebel group that was regrouping with funds obtained through armed robberies in the Achacachi region, and that was recently involved in the killing of two policemen. Colonel Arturo Farfan, director of the Judiciary Technical Police, said that the cell was reorganizing and obtaining funds — what they call recoveries through robberies — through armed robberies..

It has been established that the cell was able to collect nearly $1 million, Farfan said, when reporting the arrest of the brothers Antonio and Guillermo Mamani Churata.

Farfan also identified two other alleged members of the destroyed EGTK cell. They are (Esteban Cocarico) and (Juan Yugra), who are currently fugitives.

The government disarticulated the EGTK between March and April 1992, when several members were arrested and later placed at the disposal of the court.

Colonel Farfan said that among those arrested, the police identified the murderers of two policemen in a clash on 13 October.

These individuals' files go back to December 1994, when a group of hooded men dressed in military uniforms staged an attack in the Hualpacollo region, in La Paz Department. Three other attacks occurred in sparsely populated areas: Hualpacollo, on 12 May 1995, and two attacks on the Huarina-Achacachi Highway, on 29 July and 27 August of this year. According to the investigation, Guillermo Mamani Churata participated in the attacks. Mamani had a credential with a photograph, in the name of Julio Mamani Aguilar, at the time of his arrest. The official report says that Guillermo Mamani had connections with (Esteban Cocarico Choquehuanca), an EGTK fugitive in whose residence the police found firearms, dynamite, slow fuses, military uniforms, binoculars, altimeters, EGTK pamphlets, and documents for guerrilla indoctrination and training.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The police also said they found evidence that the men arrested had connections with Raquel Gutierrez Aguilar, one of the intellectual leaders of the EGTK, who is currently being held at the Obraje Women's Orientation Center. [passage omitted]

Brazil

Compliance With WTO Restraint on Import Quotas Questioned

PY0111022195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Sep 95 p A3

[Editorial: "Are There Plans To Challenge the WTO?"]

[FBIS Translated Text] The government decided to eliminate the car import quota system when it accepted the WTO restrictions on it. In compensation, the government preserved the 70-percent tax on car imports for 1996 — instead of reducing it to 62 percent, as the car-manufacturing area expected. According to the presidential spokesman, the government is drafting a decree with the new schedule for reduction of the import tax. According to Ambassador Sergio Amaral, as a result of the implementation of the Common Market of the South [Mercosur], the issue has been the object of agreements, although Planning Minister Jose Serra will go to Buenos Aires this weekend to clarify not only the tariffs issue but the overall automotive policy, which has been confirmed in the reedited Provisional Measure on the subject. The thing now is to learn whether the government is considering the promise of returning to the 30-percent tax next April, as has been agreed with the other Mercosur member countries. The argument the government has been using to keep the import tax high is still the same: We are seeking to ensure the equilibrium of our trade balance and to prevent car imports from frustrating these efforts. From an objective viewpoint, the 70-percent tax benefits the car-manufacturing industries installed in the country.

Will Planalto Palace be willing to maintain this depressing tariff in order to preserve the level of employment even if the car-manufacturing companies continue to dismiss people and make accords, such as the Ford-Cut [Sole Workers Center] accord, which seeks to make working hours more flexible? Unless the government is seeking to offer guarantees to the foreign companies interested in establishing themselves in Brazil, or to stimulate those that have already established themselves here, the decision to maintain this level of tariffs cannot be understood. The car-assembling companies have already received valuable encouragement and can, for example, import raw materials, car parts, and capital goods with a First World tax of 2 percent. Consumers who have a preference for foreign cars will undoubtedly have to pay this bill.

In face of the position adopted, we should ask whether the government is willing to confront the WTO, which may still be asked to examine the entire automotive policy contained in the provisional measure that has just been reedited. The Balance of Payments Committee of the WTO has barely examined the problem of the quotas, which were imposed with total disrespect for all of its rules. We know, however, that there are other complaints: the increase in tariffs above those in force at the time of signing the Marrakesh accords and encouragement to the car-assembly companies.

We do not deny the imperious obligation of fixing an automotive regime allowing consolidation of these industries, which have brought innumerous advantages to the Brazilian economy. Recognition of these benefits and of the so-called inverted interests should not, however, be conducted by reinforcing protectionism. The best thing is to reexamine the problem in order to ensure that all areas of the economy are benefited and to study ways of reducing Brazil's cost, without forgetting the tax burden — which harms, above all, the buyers.

Itamaraty Role in WTO Notification Format Viewed

PY0111174895 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Oct 95 p A3

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Itamaraty has confirmed that even though several government organs have submitted notification requests, they were not submitted to the WTO through the Brazilian mission in Geneva because the texts "could not be presented as a notification" — that is: They did not match WTO format and standards.

"We did not notify what could not be notified," an Itamaraty source said, claiming that it is not the job of Brazilian diplomacy to put the "tons of paper" that arrive from official organs into WTO format. The source said the Foreign Ministry cannot interfere with the substance of affairs, adding that any modification to the texts might distort them.

Sectors of the government economic area blame Itamaraty for the fact that Brazil has missed several deadlines for registering incentives and subsidies with the WTO. One GAZETA MERCANTIL report states that the Chamber of Foreign Trade, which is coordinated by Civilian Household Chief Clovis Carvalho, wonders if it would be prudent to notify the WTO of all the proceedings adopted now by Brazil — after a delay of several months.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Itamaraty sources said it would be unethical to say which government organs submitted requests for notifications in the wrong format — "if nothing else because they have material problems." The sources explained: "If the notification cannot be made, we return it to the organ that sent it."

One diplomat said the role of Itamaraty is as a "qualified post box" that informs official organs of deadlines for notifications, receives notifications, and submits them — if they meet format requirements — to the Brazilian mission at the WTO headquarters in Geneva.

A diplomat said: "Our duty is to preserve Brazil's international commitments. This is why Itamaraty advises government organs. International negotiations do not fall only under the jurisdiction of Itamaraty but under the Brazilian Government in general. Itamaraty explains how to adjust notifications to WTO format, but it cannot modify submitted texts." He added: "The WTO is an all-encompassing organization. There are always notifications for various ministries and organs dealing with matters like science and technology, intellectual property, health, etc."

Ukraine's Kuchma Meets With Businessmen in Rio de Janeiro

PY0111235595 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 1 Nov 95

[Report by Alana Gandra in Rio de Janeiro]

[FBIS Translated Text] Ukrainian President Leonid Kuchma is ending his visit to Brazil. In his last official engagement, Kuchma met with enterpreneurs at the Rio de Janeiro Commercial Association.

Kuchma said that, thanks to the economic reform program implemented in Ukraine in 1994, inflation has already dropped from 600 percent annually to 4-6 percent monthly. Through its privatization program alone, Ukraine transferred 29,000 companies to the private sector, which means that 40 percent of the GNP is now already in private hands. The goal is to privatize 16,000 more companies by the end of 1996.

Kuchma emphasized his fondness for Brazil and the key role Rio de Janeiro plays as a communications center in the country. He conveyed confidence that the contacts he made during his visit will yield results later.

Kuchma said that each country's position in the world in the 21st century will seek to promote unity and active participation in a globalized economy.

Holds News Conference, Ends Visit

PY0211022995 Sao Paulo AGENCIA ESTADO in Portuguese 2329 GMT 1 Nov 95

[Report by Chico Otavio]

[FBIS Translated Text] Rio de Janeiro, 1 Nov (AE) — Ukraine, which was once considered to be one of the world's leading nuclear powers, is negotiating the sale of some products from its military arsenal to Brazil. Upon closing a week-long tour of three South American countries, Ukrainian President Leonid Kuchma said here today that he has started negotiations with Brazilian officials for the sale of rockets made for launching nuclear warheads but which could be adapted for launching satellites.

In a news conference he gave to wrap up his visit to Brazil, Chile, and Argentina, Kuchma said: "The Brazilians are interested and there is a reason for that." At this momen,t in which Ukraine is dismantling its powerful military arsenal — the nuclear warheads are being transferred to Russia — Kuchma admitted that in his talks with the South American officials, he discussed the possibility of selling weapons to the three countries he visited. He said: "We have touched on every subject, including that one."

The Ukrainian president did not elaborate on the negotiations. He said that only "the hosts" — that is, the Brazilians — could say whether these rockets would be used exclusively for nonmilitary purposes. Kuchma is an engineer who managed the KB Pivdenne, the largest rocket factory in the former USSR. Valeriy Malev, the Ukrainian minister of machine-building, military industrial complexes, and conversion, also took part in the negotiations with the Brazilians. Malev is charged with exploring the nonmilitary and commercial use of the huge Ukrainian arsenal.

After spending two days in Rio de Janeiro, Kuchma departed today for his country. He had been in South America since 25 October, and he also visited Brasilia and Curitiba. George Hawylyshyn, editor of the "Brazil Energy" ["Brasil Energia"] magazine, organized Kuchma's visit to Rio de Janeiro. The magazine defends the development of nuclear energy in Brazil. Hawylyshyn stated that, in addition to the rockets, the Brazilian officials and Kuchma discussed the possibility of Ukraine a military aircraft, turbines, and generators for nuclear plants to Brazil. [sentence as received] The most widely known Ukrainian nuclear plant is that of Chernobyl, which was the site of the worst nuclear accident in the world since the catastrophic events of Hiroshima and Nagasaki.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Rui de Goes, the coordinator of the Greenpeace antinuclear campaign, said: "It is a cause of double concern to learn that Brazil is negotiating the purchase of reactors from Ukraine." He noted, in the first place, that Ukrainian reactors are "extremely unsafe." Furthermore, he noted that the import of this type of equipment will be damaging to Brazil "because it has already been proven that other cleaner, less expensive technologies can be used to generate power."

De Goes also demanded greater "transparency" in the negotiations involving the purchase of satellite rocket-launchers. He warned that the use of these rockets for military purposes could unleash "an unnecessary arms race in South America."

Cardoso Meets With Visiting Namibian President

PY3110233395 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 31 Oct 95

[FBIS Translated Text] President Fernando Henrique Cardoso this morning met with visiting Namibian President Sam Nujoma, who called for stronger ties between the Common Market of the South [Mercosur] and the Southern Africa Development Community [SADC].

The Brazilian Foreign Ministry is already organizing a meeting among Mercosur and SADC ministers for 1996 to study mechanisms of cooperation between the two blocs.

Nujoma said today in Brasilia that the national reconciliation policy, which has been adopted to avoid injustices, has been instrumental in promoting peace and stability in Namibia. He said that since its independence from South Africa, Namibia has waged a battle for its economic independence. Namibia is also having problems eliminating poverty and repealing discriminatory laws.

During a protocol visit to Sepulveda Pertence, chief justice of the Federal Supreme Court, Nujoma this afternoon said that despite the difficulties existing in his country, the Namibian courts have been free from political pressure. He regretted, however, the fact that Namibia lacks an adequate number of jurists who would be capable of finding the way to eliminate the discriminatory laws that are still in force in his country.

Chief Justice Pertence praised President Nujoma for his role in the momentous struggles for independence waged by African countries in this century. He added that the long struggle for Namibian independence is a significant historical event and that it has played a key role in racial segregation.

Cardoso Defends Approval of Sivam Contract

PY0111204995 Sao Paulo GAZETA MERCANTIL in Portuguese 30 Oct 95 p A10

[Article by Nilson Brandao, Jr.]

[FBIS Translated Excerpt] President Fernando Henrique Cardoso defended the quick approval of the Amazon Region Surveillance System (Sivam), which is being discussed for the second time in the Senate. The Sivam project envisages a series of fixed and mobile radars for surveying the legal Amazon air space. The estimated cost of the project is approximately $1.2 billion.

"Brazil should exert greater control over the entrance of weapons into its territory," Cardoso said in Rio de Janeiro on 27 October, as he boarded the Navy aircraft carrier Minas Gerais. The president mentioned the Sivam as he was referring to the lack of security in Rio de Janeiro as a national issue that demands federal and state efforts.

The approval of the Sivam contract in the Senate depends on a round of public meetings with security and environment ministers and secretaries. The Senate Economic Affairs Committee has summoned the meetings, which will last until December. Therefore, it is thought that the contract will be approved next year. [passage omitted]

Germany Makes Donations To Combat Drug Trafficking

PY0211005595 Sao Paulo GAZETA MERCANTIL in Portuguese 30 Oct 95 p A11

[Article by Wladimir Gramacho]

[FBIS Translated Text] Germany will donate $1.5 million to Brazil to help the Federal Police combat drug trafficking and organized crime. A cooperation agreement between the two governments that will help equip and train Brazilian agents was renewed on 27 October .

This was announced on 27 October by Justice Ministry Executive Secretary Milton Seligman. He said the new agreement, valid for 1995, supplements the 1992-1994 agreement through which the German Government donated to Brazil five ultralights and a motor boat especially equipped to combat drug trafficking. The ultralights and the motor boat, however, arrived in Brazil just three months ago.

The new agreement envisages the donation of two spare motors for police patrol cars and two kits of spare parts for the ultralights. According to the Justice Ministry, the aircraft have a "modern" communications system and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

they are armored to protect the pilot from possible shots. In principle they will be used to fly over epadu and marijuana plantations to identify farmers and traffickers.

The aircraft and motor boat are equipped with a communications and vision system that allow the pilot to locate criminals sparing the police from danger. Ten pilots will be trained for the ultralights and two crews will be trained for the motor boat.

The German government will also donate three color printers, a color scanner and a color copier. "It will serve to identify drug traffickers and to distribute their pictures," Seligman said.

He added that beside this cooperation agreement with Germany, Brazil has signed a drug enforcement agreement with the United States, which was renewed last January and is worth $2.5 million. Four protocols of intent are being prepared with the same purpose with the European Economic Community (EEC), Italy, Argentina, and Venezuela, but their values have yet not been defined.

According to Seligman, Federal Police investments do not depend on international resources. "Our budget investments for next year are 200 million reals," he said.

Regarding the new draft bill on drugs and narcotics prepared by the Justice Ministry, Seligman said that the government will not propose another bill. "We want to negotiate a joint project with congress and society," he said.

Committee Concludes Voting on Administrative Reform

PY0111154795 Sao Paulo AGENCIA ESTADO in Portuguese 2206 GMT 31 Oct 95

[by Joao Domingos and Isabel Braga]

[FBIS Translated Excerpt] Brasilia, 31 Oct (AE) — On the fourth day of the voting on the administrative reform by the Constitution and Justice Committee (CCJ) of the Chamber of Deputies, the government today managed to defeat the last resistance against the end of job stability for public servants and against the reduction of very high salaries. Approved after two months of debate at the CCJ, the amendment will now be submitted to a special commission that will pass judgment on the reform's merit and that will have the same period — two months — for debate on the subject.

After the amendment is approved at the special commission, it will be submitted to the plenary session of the Chamber of Deputies, where it will be voted on in two sessions, in which it must be supported by three-fifths (308) of the deputies. If the amendment is approved by the Chamber of Deputies, it will then go to the Senate, where it will be submitted to three votes: at the Constitution and Justice Committee, and — if the initial barriers are overcome — in two plenary sessions, in which approval also calls for three-fifths of the votes (49). Neither the Chamber of Deputies nor the Senate are expected to declare a recess. The administrative reform is expected to be promulgated in April or May 1995 [as received]. [passage omitted]

Editorial Views Objectives of Foreign Policy

PY3110115095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Oct 95 p A3

[Editorial: "Foreign Policy Goals"]

[FBIS Translated Text] As Brazil has duly paid all of its contributions to the United Nations, President Fernando Henrique Cardoso was able to admonish, in his speech delivered during the ceremony celebrating the 50th anniversary of the organization, those countries that are late in paying their contributions. He said their failure in paying these contributions may force Secretary General Butrus-Ghali to suspend UN services for the next six months. This is the way the United Nations is. Within the UN framework, Brazil was able to benefit from legal equality among the countries to scold the United States and Russia, two of the large debtors vis-a-vis the United Nations. The advantanges of this egalitarian system are, therefore, relevant. The United Nations, however, is not only that. It is also an organization about to go bankrupt. Diplomats from all countries in the world treat this organization as one of the most important centers for the dissemination of what, for lack of a better term, has been entitled the new international order.

Such an important and, at the same time, insolvent organization. Some say that the United Nations has not acquired more importance because the strings that open the purses of the large powers — which are the largest UN contributors — also control the limits of autonomy that the UN secretary general can enjoy. There was indeed a stage in which former Secretary General Dag Hammarskjold used the first pressures exerted by the Cold War, the anticolonial impetus, and the Third World condiments, softened by the supposedly moderate Swedish influence, to impose on the United Nations what was viewed as a typical rhythm, almost entirely supranational. The experiment died with Hammarskjold, when his plane crashed on the ground during the climax of the Congo crisis. Since then, the five largest countries have never allowed the UN secretary general to take full command of his position.

This is the contradictory United Nations President Fernando Henrique Cardoso has chosen as the priority tar-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

get of his foreign policy. We can say more truthfully that Cardoso maintained the option chosen by his predecessor and simply changed the approach maneuvers a little. Brazil wants to be a permanent member of the UN Security Council, and our diplomacy has been conducted, and is still being conducted, with regard and consideration for the delicate task of convincing the UN member countries about the fairness of this postulation. Brazil's objective is ambitious and should not be criticized for having been included on the Brazilian foreign policy agenda. As a priority, however, it should not exclude any other issue from this agenda. This means that Brazilian diplomacy should be dynamic enough to fight on more than one front and should have sufficient energy for a long fight.

The first obstacle on the path that leads toward Cardoso's goal is the fact that Brazil has decided it wants to have a permanent seat on the UN Security Council before the United Nations has even decided whether it will reform its statutes, and, if so, when and how it will do so. All we know is that the reform program will not start this year. This already runs in opposition to the expectations created at Itamaraty when the idea of this postulation appeared. Perhaps next September the reform committee will have been able to perceive an atmosphere of consensus that will make it possible to begin the process. Meanwhile, Brazil has been losing strength and resistance because, although it has been able to obtain the support of the distant countries of Asia and Africa, it has not been able to convince Argentina that Brazil, and not Argentina, should be the one to send a permanent representative to the Security Council. We have also been losing substance in the debate, which has become sterile, about having a regional representation, about taking turns in holding the position, and about having a long — but not permanent — mandate in the council.

What has not been lost is the president of the Republic's decision, which he announced at the UN General Assembly, of "taking ever increasing responsibilities in the decisions made at the United Nations" in order to support the general maneuvers Itamaraty has been conducting to obtain a permanent seat for Brazil in the UN Security Council. Added to the urging that the member countries transform words into actions, because words can be associated with hypocrisy, the president's decision gains great practical importance. This decision will be implemented if Itamaraty is sufficiently reinvigorated by political realities, as everyone expects it to be, in order to accept abandoning the comfortable shelter of principles and nothing but principles, if the material resources that give substance and consistency to policies are added to our foreign policy theory, and if the other government agencies realize that the administration has an external side that is increasingly more important in determining our destiny as a nation.

Brazil will not be launched into positions of power and toward the behavior that is characteristic of nations that are powers simply by expressions of will. This has been tried through other means two decades ago. The most we could gain thereby was a nostalgic feeling about not having developed into what we had wanted to become and about having taken positions on the wrong side of history, the consequences of which we have only recently been able to overcome. The president of the Republic suggests radical changes in our foreign policy, but does not help in advancing his proposal. In developing his project, President Cardoso must specify where he plans to lead Brazil, and in accordance with what strategies. Moreover, he must, finally, forge the instrument that will be used to carry out this transformation. All in all, it is necessary to move from words to action once we are all convinced that the new way to incorporate Brazil into the world coincides with our aspirations and is commensurate with our possibilities. In addition, it will be necessary to convince the elites that there is such a thing as a foreign policy.

Reaction to Foreign Investment Limit in Telecommunications

PY0111154995 Sao Paulo AGENCIA ESTADO in Portuguese 2305 GMT 31 Oct 95

[By Isabel Braga]

[FBIS Translated Text] Brasilia, 31 Oct (AE) — Members of the Committee of Science, Technology, Communications, and Informatics of the Chamber of Deputies have raised objections to the 20 percent limit for the participation of foreign capital in Brazilian telecommunications concession companies. The limit is defined in a proposal submitted by Deputy Marcelo Barbieri (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo] regulating the private sector's participation in the sector. Deputy Arolde de Oliveira (PFL-RJ) [Liberal Front Party-Rio de Janeiro] does not want the 20 percent limit enforced on a general but on a case-by-case basis. "I believe this restriction must be based on reciprocity: Give the interested country the same treatment that is offered to Brazil," Oliveira said.

The deputy cited as an example the restriction in the United States, and on which Barbieri based his proposal. "The United States allows the participation of only 20 percent of Brazilian capital in this sector. Therefore, in order to invest in Brazil, the Americans will also find the 20 percent barrier," he said. "The treatment should

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

be recirprocal for countries willing to give chances to Brazil."

Oliveira believes that the limit should also be linked with more strategic areas, like the telephone sector. "There are services that are less important, like the value-added services (time, jokes over the phone), data communication, which do not demand too much care. In such cases, there is no reason for setting a limit," he justified. The proposal by Deputy Barbieri, who chairs the Science and Technology Committee, regulates the participation of the private sector in Brazilian telecommunications after elimination of the state monopoly. The proposal, which was submitted on 19 October, will be studied along with a proposal from Deputy Renato Johnson (PPB-PR) [Brazilian Progressive Party-Parana] — that was submitted in August 1995, right after approval of the amendment that ended the Telebras [Brazilian Telecommunications, Inc.] monopoly.

The two proposals, and probably a similar proposal that the government will submit at the beginning of November, will be analyzed by four committees: Labor, Administration and Public Service; Science and Technology; Finances and Taxes; and Constitution and Justice.

Regulations set forth that the committees have full powers [poder terminativo] — that is: after voting at the committees, proposals do not necessarily have to be voted on in plenary sessions. Yet since this is a controversial subject, it will certainly be submitted to plenary voting. The proposal by Johnson is being analyzed by the Committee of Labor under Deputy Paulo Paim (PT-RS) [Workers Party-Rio Grande do Sul], the rapporteur, who will also be the rapporteur for the proposal by Barbieri.

The two proposals outline the rules for the policy of exploitation of telecommunication services by the private sector, creating, among other mechanisms, the telecommunications council. Barbieri justified the 20 percent limit imposed on foreign capital for "preservation of the national interest and for promotion of the dynamics of the telecommunications market."

Petrobras Seeks Loan To Build Gas Pipeline

PY0211002095 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 1 Nov 95

[Report by Nielmar de Oliveira in Juiz de Fora, Minas Gerais]

[FBIS Translated Text] Joel Mendes Renno, president of the Brazilian Petroleum Corporation [Petrobras], has reported that Petrobras is negotiating loans totaling approximately $800 million from the Inter-American Development Bank and from the World Bank for the implementation of the Brazilian-Bolivian gas pipeline project.

Mendes Renno made the announcement during the dedication of the first segment of the Duque de Caxias-Belo Horizonte gas pipeline, which will supply natural gas from the Campos basin on the northern coast of Rio de Janeiro to industrial companies based in Minas Gerais State.

To pave the way for obtaining the loan, Petrobras is making the final arrangements to select a company that will represent the Brazilian side on the gas pipeline project. Mendes Renno said the idea is to transform and to adjust Petrofertil, Petrobras Fertilizer Company, so that it may act as the Petrobras subsidiary before the gas pipeline project. Petrofertil would take the name of Intergas to take part in this project.

Mendes Renno believes that the respective notices to prospective bidders and the award of the project itself may be concluded by the end of the first half of 1996, and that Bolivian gas may reach Brazil by late 1998 or early in 1999.

Chile

Further Reportage on Ukranian President's Visit

Trade Relations To Intensify

PY0211021695 Santiago EL MERCURIO in Spanish 31 Oct 95 p C5

[FBIS Translated Text] Within the framework of the intensification of the bilateral ties that bind the two nations, Chilean President Eduardo Frei and Ukrainian President Leonid Kuchma signed on 30 October an agreement to protect and promote investments.

The two presidents held a working meeting at La Moneda Palace on 30 October, the second day of Kuchma's visit. During the meeting, the two presidents reviewed the possibility of increasing trade relations between the two countries.

After the meeting, Frei and Kuchma released a joint declaration conveying their plans to intensify cooperation between the two nations, particularly in the scientific, technical, and cultural fields.

The two governments signed a protocol for consultation between the two Foreign Ministries. This is an important step toward a better understanding between Chile and the Ukraine.

During the lunch he hosted for President Kuchma, President Frei asserted that one of the priorities of his administration's foreign policy is to establish effective

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and fluid relations with the countries of East and Central Europe.

He added that within the framework of an open economy and the plans to increase Chilean exports, relations with Ukraine are important because the country has proven to be one of the most stable republics to survive the fall of the Soviet Union.

Frei also mentioned the process of Chilean transition to democracy and the efforts Ukraine has been making in the last few years to consolidate its democracy. He added that the two countries share similar objectives and tasks. Among these, he mentioned the struggle to end poverty and to achieve political stability.

"Nowadays, the two nations are doing their best to consolidate their democratic institutionality and are marching along, in their respective continents, the path toward integration. All this is being done under a common slogan: freedom," Frei said.

Thanking the Chilean president for his wishes, President Kuchma emphasized the importance of the two countries' efforts to soon sign bilateral accords for cooperation in the economic, cultural, and research spheres, as well as on the peaceful use of outer space.

Kuchma referred to his country's large industrial potential in view of the country's infrastructure, and pointed out the efforts the nation has made to achieve its independence in compliance with the principles of democracy, peace, and equality that should reign in the field of international relations.

Kuchma also asserted that Ukraine is advancing in the process of transforming the state apparatus, creating a legislative basis, and promoting privatization and social reform.

"We value our future cooperation with Chile from the viewpoint of mutual interests, achievements, and potentials. Our two countries' common efforts will make it easier to obtain positive and substantial results," Kuchma said.

Political Consultation

In the morning, the Chilean and Ukrainian Governments signed, at the Chilean Foreign Ministry, a protocol for political consultation. This instrument will give the two countries a mechanism allowing them to exchange points of view and promote coordination and cooperation in various matters of bilateral — as well as multilateral — interest.

Chilean Foreign Minister Jose Miguel Insulza and Ukrainian Foreign Minister Gennadiy Udovenko have signed this protocol within the framework of the official visit Ukrainian President Leonid Kuchma is paying to our country.

The two foreign ministers presided over a working meeting at the Foreign Ministry, during which they examined bilateral issues.

The protocol signed by Insulza and Udovenko has five points. The first establishes that there will be regular meetings between Chilean and Ukrainian representatives in order to exchange opinions about the two governments' points of view on economic, international, political, and social issues.

Ukraine is the world's third nuclear power. It has 51 million inhabitants and is one of the 15 republics that emerged from the Soviet Union.

Foreign Minister Insulza pointed out that the recently signed protocol is very important, particularly if one considers that Chile will almost surely become a member of the UN Security Council. In this regard, he said that Ukraine's experience in Central Europe will be very important for the work Chile has to perform on the Security Council.

Udovenko thanked Insulza for his personal contribution to making possible President Kuchma's visit to Chile.

He said: "We are open to cooperation in the economic, political, scientific, technical, and military fields. We are very interested in learning more about the entire process that led to the economic miracle experienced by Chile. I believe that we can cooperate in various fields."

After the meeting, the two ministers walked to La Moneda Palace, where President Frei received his Ukrainian counterpart. During the walk, the two ministers exchanged points of view about the UN Security Council.

Insulza informed his Ukrainian counterpart that the election of the new nonpermanent members of the UN Security Council will take place on 8 November and that he will attend the first meeting in which Chile will officially become a member of this organization for two years.

Investment Agreement Signed

PY3110164695 Madrid EFE in Spanish
1612 GMT 30 Oct 95

[FBIS Translated Text] Santiago, 30 Oct (EFE) — Chilean President Eduardo Frei and Ukrainian President Leonid Kuchma today signed an agreement on the promotion and protection of investments during the official visit of the Ukrainian president to Santiago.

The agreement was signed during a ceremony at La Moneda presidential palace, following a work meeting

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

between the two presidents during which they studied ways to strengthen mutual relations in the fields of politics, economy, trade, and culture.

Frei and Kuchma also signed a joint declaration in which they endorsed the promotion and protection of democracy and human rights, stressing the value of the participation and cooperation of Chile and Ukraine in international organizations.

They also promoted the development of economic and trade cooperation between Ukraine and Chile by increasing bilateral trade and mutual investments.

Kuchma, who arrived in Santiago on 29 October for a two-day visit, expressed his total conviction that future bilateral relations will be fruitful. He stressed the need for greater mutual knowledge, which has so far been scarce.

Trade relations are incipient; only two Chilean companies have associated with Ukrainian ones to export krill; Chile does not export anything to Ukraine and Chilean imports from there do not reach $3 million this year.

Before the meeting between Frei and Kuchma in La Moneda palace, the foreign ministers of the two countries — Jose Miguel Insulza and Hennadiy Udovenko, respectively — signed a protocol on political consultations between the two Foreign Ministries.

Leonid Kuchma also met Supreme Court President Marcos Aburto and Chamber of Deputies President Jaime Estevez.

During Kuchma's visit, Santiago Mayor Jaime Ravinet will declare the Ukrainian president an illustrious guest of the city and the University of Chile will honor him with the "Rector's Medal."

Kuchma will also meet with Defense Minister Edmundo Perez Yoma and with principal Chilean businessmen.

Kuchma's visit to Chile is part of a tour that includes Argentina and Brazil, countries which Ukraine regards as interesting markets for its products and as examples of market economies.

Ukraine, one of the most important countries of the former Soviet Union, attained its full independency in 1991 after 300 years under the tutelage of Moscow.

With an area of 603,700 square kms and 52 million inhabitants, Ukraine is a world power with powerful nuclear and conventional arsenals. Its economy depends mainly on agricultural production and oil exploitation.

Kuchma on Satellite Failure

PY3110162995 Madrid EFE in Spanish 0005 GMT 31 Oct 95

[FBIS Translated Excerpt] Santiago, 30 Oct (EFE) — Ukrainian President Leonid Kuchma said today that Ukraine is not responsible for the failure of the Chilean Fasta-Alfa satellite which, once in orbit, was unable to separate from the Sich-1 Ukrainian satellite and was thus lost.

Answering questions on investigations into the non-separation of the Chilean satellite, Kuchma said: "We guarantee our services and all our efforts have been positive."

Kuchma made this statement at the end of a protocol meeting today with Chilean Defense Minister Edmundo Perez Yoma within the framework of a two-day official visit to Chile.

Asked about the investigation into the space program within the framework of which the Chilean satellite did not separate, Kuchma said: "We did everything needed. We sent the proper signal for the satellite to separate. It is up to the British team in charge of the launching to determine why it did not separate."

He added: "Initially, we thought Ukraine was responsible for this part (the British part) but all the experts agree Ukraine is not responsible."

Kuchma said: "We manufacture the best missiles in the world. If you have doubts (about our technology) ask the Americans, the French, and the British. They will all tell you about our service." [passage omitted]

Kuchma on NATO Expansion

PY3110163695 Madrid EFE in Spanish 1408 GMT 31 Oct 95

[FBIS Translated Text] Santiago, 31 Oct (EFE) — Speaking in Santiago today, Ukrainian President Leonid Kuchma said the expansion of NATO should be a gradual process. He added that East European countries should not accept the presence of nuclear weapons in their territories.

He said: "We would like to see a more gradual process (within NATO). Each country must individually decide which organization it wants to join and no other country, including Russia, is entitled to veto this. Any gradual and peaceful process is valid."

Kuchma, who today ends a two-day official visit to Chile, made this statement in an interview granted to the newspaper LA EPOCA.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Kuchma explained that although Ukraine is not a member of NATO, it has a special relationship with NATO under the "16 plus one" principle.

The visiting head of state said it is important to work toward avoiding a division of Europe and added that Ukraine endorses "full security throughout Europe."

He said: "No NATO member should have nuclear weapons in their territories; unfortunately, this is still not true in all cases."

Commenting on the Ukrainian transition from socialism to a market economy, Kuchma said his country is currently experiencing "the most difficult period in its history." He said: "Above everything else, we must convince the people that this is the path to democracy and to a better way of life."

Kuchma explained that important changes have been made to the economic system and that right now private companies are responsible for generating nearly 40 percent of the national production, while inflation this year is estimated at between 4 and 5 percent.

He said that a privatization process is underway, as is an exhaustive reform of the agricultural production process through a recently-promulgated decree allowing the sale of land.

Kuchma underscored the importance of bilateral relations with Chile and expressed his desire to strengthen ties through the opening of diplomatic offices in Kiev and Santiago, thus ending the use of concurrent ambassadors.

During his stay in Chile, Kuchma and President Eduardo Frei signed a joint declaration in which they reassert their willingness to explore and increase bilateral commercial, scientific, cultural, and technical ties.

Kuchma Interviewed in Santiago

PY0211020795 Santiago LA EPOCA in Spanish 31 Oct 95 p 3

[Interview with Ukrainian President Leonid Kuchma by correspondents P. Vera and M. Robledo in Santiago; date not given]

[FBIS Translated Text] [LA EPOCA] More than with Chile, Ukraine has closer relations with Argentina and Brazil, and for this reason your visit to the country has been a surprise. What is the reason for your visit to Chile?

[Kuchma] Chile holds one of the first places in Latin America, and your country's experience is very interesting for us — because it is known throughout the world, especially concerning its economic reform. Chile has now entered the international market and holds a valuable place in it. This fact bears witness to the country's achievements, and the possibilities for our countries to cooperate in the political sphere — namely in the economic area — are great.

[LA EPOCA] Is there a chance to open up embassies between the two countries?

[Kuchma] Yes, of course. So far we have had concurrent ambassadors, but there is a need for ambassadors to be especially designated for the country.

[LA EPOCA] How can you evaluate transition within your country from socialism to a market economy?

[Kuchma] This current period is the most difficult in Ukraine's entire history. We have had difficulties greater than in your country because we have moved from a completely different system — communism — to a market economy. Before anything else, we must convince people that this is the path that leads to democracy, to a better life.

[LA EPOCA] Do you think the problems that existed with the parliament until the beginning of this year have definitely been solved?

[Kuchma] Contradictions between the executive and legislative branches have always existed throughout the world. This is currently happening in the United States as well, because the Republicans now have a majority opposed to President (Bill) Clinton. The same thing is happening in our country with the leftist opposition, and we are trying to solve the problem peacefully. The agreement signed this summer (winter in Chile) between the Ukrainian president and the parliament has changed essential aspects, has replaced the power system of the Soviets by the three independent branches: legislative, executive, and judicial. The president and the parliament are now preparing a new constitution.

[LA EPOCA] What are the prospects for the Ukrainian economy?

[Kuchma] An important change has taken place in the economic system. Almost 40 percent of overall national product is produced by private companies. There is a privatization process under way. We have succeeded in overcoming inflation, which this year will be 4 or 5 percent. The national currency's exchange rate compared to the dollar and German mark is stable. We are conducting a very serious reform of agricultural production, and now it has been established through a decree that land can be sold. The Ukrainian population is aware that everything that happens now is an irreversible process, and that never again will we return to the period of the Soviet Union.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Besides, we are growing. We cooperate with international financial institutions and we respect human rights. This means that we are creating a democratic state as an important condition to being members of the European Council.

[LA EPOCA] What opinion does your government have on the expansion of NATO, and what role does Ukraine want to play within this process?

[Kuchma] First, I want to stress the fact that Ukraine is not part of the Tashkent Military Council, in which most countries of the former Soviet Union participate, and Ukraine has already declared its position within the framework of the blocs. We are not within NATO but we have been one of the first countries of the former Union to be part of the Association for Peace, and today we have special relations with NATO under the 16 plus 1 principle.

We consider important the active participation of all countries, including Russia, in this process. First, we consider it important to cooperate and not to divide Europe in two parts, and for this reason we are against a revolutionary expansion of NATO. We would like to see a more gradual path. Each country must decide for itself what organization it wants to participate in, and no other country, including Russia, has the right to veto this issue.

Any gradual and calm path is valid. Of course, it is worth waiting to see how elections end up in the United States and in Russia, to then resolve this problem calmly. We are for the overall security of Europe as a whole and not for a divided Europe. In any case, none of the NATO member countries should have nuclear weapons in their territory. Moreover, no country having territorial disputes with its neighbors should be within NATO — something which unfortunately still exists.

[LA EPOCA] Does that mean you think that if countries of the Visegrad Group (Poland, Czech Republic, Slovakia, and Hungary) join NATO, they should not have nuclear protection from the Alliance?

[Kuchma] Of course they can, because distances within Europe do permit this. But tactical nuclear weapons cannot be kept on the borders because they represent a danger.

[LA EPOCA] This year Ukraine reached an agreement with Russia on the Black Sea Fleet. Do you think in the future it will be possible to stabilize relations between the two countries?

[Kuchma] First, I would like to say that the Black Sea Fleet issue no longer exists. It has been agreed that 50 percent of the fleet has been handed over to Russia. The problem now is settling the Russian part of the fleet into Ukrainian territory, the staying-terms problem, and the payment for the fleet's stay. We are going to solve it in a civilized manner and at the appropriate level, although many Russian politicians do not accept this — especially on the eve of elections. Ukraine does not pose any problem whatsoever.

[LA EPOCA] Concerning the fate of Chernobyl and the energy issue, Ukraine depends very much on the energy coming from Russia. It is important, then, for the country to produce electricity through nuclear energy, but there has been fear in Europe due to the accident in 1986. Is there any prospect for solving this problem?

[Kuchma] Ukraine has a very high energy production potential. In the past we used to supply energy to Europe. Now, to keep our generators working we require fuel for the nuclear plants and gas for the thermoelectric plants. We are thus seeking the possibility of creating a nuclear fuel production factory in our territory for our nuclear plants. We have called for bids in which many countries have participated, including the United States, France, Germany, and Russia.

Concerning Chernobyl, Ukraine has made the political decision to close that nuclear plant — although now, from the security point of view, that plant is in better condition. But we understand that it is more a psychological, moral, and political matter — because that plant is related to a tragedy. We are willing to close it, but after resolving a set of complex issues on which we are working. But the fact of closing this nuclear plant does not limit our potential.

[LA EPOCA] Negotiations on the former Yugoslavia are about to conclude within the next few days. Ukraine is a neighboring country of the Balkans. Do you think current negotiations will be able to bring about a peace?

[Kuchma] All wars end with peace. For this reason I believe this war too will end. Ukraine is actively participating in the process. Two of our battalions are in the former Yugoslavia, and several soldiers have either died or were wounded. We have proposed Kiev as the site for negotiations among the three countries because it is a neutral zone. Ukraine has no special interest in that zone. It just wants a peaceful solution and to restore trade, which has been suspended due to the international veto. We have lost more than $4 billion due to the embargo.

Lately the United States has done much for the solution of that conflict and I believe that everything NATO does will also have an effect, because it is not possible to seek negotiations without the presence of a power in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the area. We have also proposed our help, but always withinin the framework of the United Nations.

Carabineros Violently Repress CUT Demonstration

PY0111174695 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 1 Nov 95

[FBIS Translated Excerpt] Ties between the CUT [United Labor Confederation] and the administration are not good. The conflict deteriorated this morning when union leaders, who are demanding that Congress accord priority precedence to the labor reforms, were repressed violently during a demonstration. Nevertheless, CUT leaders have announced that they will stage more demonstrations.

[Begin recording] [Unidentified reporter] CUT leaders staged a demonstration at Bus Stop No. 14 on Vicuna Mackenna Avenue as part of their campaign to support the labor reforms.

The demonstration interrupted traffic for a few minutes, and Carabineros repressed the workers. As a result, a number of CUT members were injured, as was a Television Nacional de Chile cameraman.

[CUT President Manuel Bustos] They are resorting to fascist methods, which are practices that cannot be used by the Armed Forces, or Carabineros. Much less should they pull out knives during a labor demonstration! This is something quite serious.

[Reporter] The police arrested at least four CUT leaders, identified as (Jorge Millan), (Maria Helena Palma), (Manuel Punan Torres), and (Gloria Marin).

Moreover, the metropolitican intendant's office and the CUT have not been able to reach an agreement about the site of a labor demonstration — scheduled to be held on 9 November — to express support for the labor reforms

Santiago Intendant Alex Figueroa is opposed to the idea of holding the demonstration on Bernardo O'Higgins Avenue, as was requested by the CUT, because it would cause a traffic jam. [passage omitted] [end recording]

New Carabineros High Command, Retirements Announced

PY3110165395 Santiago EL MERCURIO in Spanish 21 Oct 95 p C15

[FBIS Translated Excerpt] Carabineros Under Secretary Luciano Fouilloux on 20 October officially announced the members of the new Carabineros High Command, and the list of retirements for 1996.

The following seven most senior officers comprise the Carabineros High Command: Fernando Cordero Rusque, general director; Manuel Ugarte Soto, deputy director; General Osvaldo Munoz Sanhueza, order and safety director; General Guillermo Thompson Callejon, inspector general; General Cesar Urrutia Leon, logistics director; General Gustavo Lagos Robles, chief of the Metropolitan Zone; General Cristian Fuenzalida Tobar, personnel director.

The following officers were promoted to the rank of general: Hugo Aguayo Cabezas, welfare department director; Luis Sueyras Moore, special police activities director; Cesar Delgado Estrada, chief of the 3d Zone, Talca; Carlos Dondero Lencioni, chief of the 5th Zone, Valdivia; Carlos Bustos Soto, chief of the 4th Zone, Concepcion; Gabriel Vasquez Rios, chief of the 1st Zone, Antofagasta; Acis Saleh, chief of the Superior Advisory Council [Consejo Asesor Superior], CAS; Ruben Olivares Rojas, Metropolitan Zone deputy chief; Raul Olivares Gongora, intelligence director; Victor Araneda Maraboli, chief of the 8th Zone, Arica; Alejandro Olivares Pizarro, informatics and telecommunications director; Jose Sepulveda Ross, chief of the 6th Zone, Puerto Montt; Alberto Rosales Cortes, chief of the 7th Zone, Punta Arenas; Hernan Bahamonde Rodriguez, chief of the 2d Zone, Valparaiso; Alberto Cienfuegos Becerra, education director; Jorge Contreras Mella, quartermaster director; Carlos Pecchi Groce, justice department director; and Carlos Munoz Borges, medical service chief.

Fouilloux also reported that the following 10 generals will go into retirement: Rodolfo Stange Oelckers, Oscar Tapia Perez, Juan Vilches Maldonado, Luis Rodriguez, Miguel Moore Barrera, Julio Ulloa Vasquez, Juan Salina Lopez, Antonio Acuna Almeida, Luis Pulgar Fuentes and Julio Reuse Rodriguez.

He said the Carabineros will disclose the names of the 76 colonels who will be sent into retirement having served 30 years. [passage omitted]

Government To Keep Copper Industry in State Hands

PY3110163395 Santiago EL MERCURIO in Spanish 27 Oct 95 p B5

[FBIS Translated Excerpt] Mining Under Secretary Sergio Hernandez confirmed that the government is not planning to privatize Codelco [Copper Corporation], which will remain in state hands. He estimated that by 2000, the private sector will control 66 percent of Chilean copper production.

Hernandez is attending a meeting of the Special Group of Specialists in the Participation of the State and in Privatization of the Mining Sector, which UNCTAD

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[United Nations Conference on Trade and Development] is sponsoring in Geneva, Switzerland. The meeting is being attended by mining experts from all over the world.

Hernandez emphasized the strategic development of Codelco, based on the strengthening of its main activity, which is the production of copper and copper byproducts.

He said: "This strongly supports the Chilean decision to keep this enterprise in the hands of the state, making it increasingly more efficient." [passage omitted]

Foreign Minister To Visit Great Britain, Ireland

PY0111180195 Santiago EL MERCURIO in Spanish 31 Oct 95 p C5

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza left last night on an official visit to Great Britain and the Republic of Ireland.

Insulza will be in London for two days, where he will meet with officials, among them Michael Heseltine, the first secretary of state and deputy prime minister; and Malcolm Rifkind, secretary of state for foreign affairs.

The British Government has been the strongest promoter of Chile's partnership with the EU.

Insulza's agenda with British officials includes bilateral relations; the transportation of radioactive waste; the problem with whisky [as published]; military cooperation; the Chilean candidacy for a seat on the United Nations Security Council; the Chilean participation in the United Nations peace forces; relations among Chile, the EU, NAFTA, and Mercosur [Common Market of the South]; the Constitutional reforms; and the peace process in Northern Ireland.

While in the British capital, Insulza will lecture at the Royal Institute for International Relations, better known as Chatham House, which is one of the most prestigious institutions dedicated to foreign policy analysis. The Chilean foreign minister will lecture on Chilean foreign policy priorities.

Insulza will leave London on 2 November for Dublin, where he will also make an official visit. [passage omitted]

While in Ireland, Insulza will meet with his counterpart Dick Spring. The agenda will include the Irish presidency of the EU; the Chilean partnership with the EU; the reform of the United Nations; the Chilean candidacy to the United Nations Security Council; regional integration in Latin America; relations with Ireland; and the opening of consulates. [passage omitted]

Foreign Minister on Negotiations With NAFTA, Mercosur

PY0211001795 Santiago LA TERCERA DE LA HORA in Spanish 27 Oct 95 p 9

[FBIS Translated Excerpt] In view of the obvious stagnation of Chilean ambitions to join NAFTA, for many the government must now focus more than ever on negotiations with Mercosur [Common Market of the South], toward which it must channel all resources which had been divided before.

In view of this situation, Foreign Minister Jose Miguel Insulza yesterday stressed that negotiations with Mercosur — which, although complex, have also been satisfactory — must continue at the pace followed so far.

"I think it is a mistake to pressure ourselves to conclude negotiations with Mercosur as soon as possible; we must resist the political temptation to think that since we have problems with NAFTA we should step up the pace with Mercosur," he said.

He added that negotiations with Mercosur are complex because a set of sensitive areas must be dealt with, and for this reason things must be done cautiously. "We are progressing well and I hope this subject is not dealt with too much in terms of deadlines and urgencies," he added.

He said that in terms of public opinion, negotiations with Mercosur have been "less traumatic" than with NAFTA. He explained that it is because a sequence of events has been followed since July 1994 when the process began, and that the work has been much better organized after the second half of this year. [passage omitted]

EU Official Views Partnership With Chile

PY0111150095 Santiago EL MERCURIO in Spanish 21 Oct 95 p D8

[Interview with EU Vice Chairman Manuel Marin by Marilu Ortiz de Rozas; place and date not given]

[FBIS Translated Text] [Ortiz] What sort of relationship is being sought between Chile and the EU?

[Marin] We began with a problem that had to be resolved regarding the uniqueness of the Chilean model. Chile has made extraordinary progress and this must be acknowledged. Due to its open economy, Chile contributes with an interesting viewpoint on what may become the new international order. It has also tried to swiftly adjust to the great challenges of the coming century.

At the same time a series of actions are taking place in Latin America toward the creation of custom unions.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

This process may be the start of a new reality on the continent. The EU appreciates this because we are the main integrated region in the world in which 15 member states, reaching from Sweden to Spain and from Greece to Ireland, coexist with common rules and government systems.

[Ortiz] Does this mean you will promote negotiations with blocs of countries?

[Marin] Not with blocs; rather, with open regional organizations — because a bloc suggests an enclosure. We will promote the creation of regional organizations with an open regionalism concept. This means they cannot obstruct the development of the WTO. It is a complementary, dynamic element, rather than an incompatible element. We had to incorporate Chile's specific and autonomous nature within this system. At the same time we had to decide on Chile's future with Mercosur, which is a complex exercise. Chile's participation in NAFTA and APEC [Asia-Pacific Economic Cooperation] also entails complex negotiations, but it is up to Chile to solve that problem.

[Ortiz] Does this condition or affect negotiations or future relations between Chile and the EU?

[Marin] We believe that only time will tell if it will affects or conditions our relations. All I can assure you is that, by the first half of next year, Chile will have an institutional framework and an agreement with the EU. Time will tell what the future holds for Chilean society and its economic and financial sectors.

[Ortiz] You have said that the EU's relationship with Chile is unique. Will you repeat the process with other countries, and what will you gain from this experience?

[Marin] Something essential of course. Within three or four years' time it may be determined that we have resolved, through a communitarian system, our relations with Latin America for the coming century, while the rest of the continent continues to discuss the conclusions of the Miami Summit forever. Within that historic development everything will fall into its respective place.

It is quite likely that by the first half of next year Chile and the EU will have resolved what elements will determine the future of international trade. It is also likely that other processes, which were proposed with grand eloquence, continue to be nothing but proposals. I cannot say anymore because I must be diplomatic.

[Ortiz] Within this framework, what prospects are there for the relationship between the EU and Latin America?

[Marin] We are now harvesting the results of two years of effort that will set a series of pioneer agreements in motion. The NAFTA system involves a bilateralization with individual negotiations. We are negotiating by region, and this is the big difference. We believe the open regionalism promoted by the EU, which respects a multilateral system, is not incompatible — and statistics prove it. Those who promote multilateral systems in the end engage in bilateral negotiations, but this fact should not be regarded as a criticism.

[Ortiz] Latin American shares strong feelings and cultural ties with Europe...

[Marin] Economic and financial ties. One day the Latin American people will realize that the EU is the main investor in Latin America, that it is the main trade partner and that, in terms of scheduled aid, the EU grants 60 percent of the development aid, while Japan provides 19.5 percent and the United States 14 percent. This is not a strictly cultural issues; it is more than that: It is an economic and financial issue.

[Ortiz] Where does Latin America stand in the list of EU interests?

[Marin] We want to be present on this continent, and we want to be in Asia as we are in Eastern countries. We plan to do the same for the Mediterranean during the Barcelona conference to be held in November. We are creating regional integration areas because we believe it is the best system for coordinating international relations from the political, economic, and commercial viewpoints. That is the concept the Europeans have of the world. After two world wars we have learned what a bilateral relationship means. We have come to the conclusion that the only way to survive in peace and progress is by guaranteeing systems where several states may express their political will to unite in order to overcome their differences through common rules. The EU is not perfect, we have our weak points, basically in the spheres of foreign policy and security. The case of the former Yugoslavia is proof that we still have a long way to go.

[Ortiz] In the political sphere, what impact would tightening relations with the EU have for Chile?

[Marin] It would entail Chile's participation in an organization where the great issues of the future, through permanent dialogue with the EU, would be discussed. This would be based not on traditional bilateral diplomatic relations but rather on a group concept, which proposes common interests as well as differences. The new century has a new agenda but nobody wants to talk about it yet. The United Nations, the Security Council, the Group of Seven, the IMF, and the World Bank must be reorganized. International differences left over from the postwar era are not befitting for the next century.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

As a different system within that open regionalism surfaces, we will witness a progressive reorganization of the great world strategic options for the next century. Can one aspire to participate in this new agenda in an isolated manner? I am afraid not. It is possible to participate in this new agenda with others who share common interests, by more adequately defining the interests of mankind.

Colombia

Foreign Minister Views Embassy Phone Taps, U.S. Ties

PA0111164695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 1 Nov 95

[Telephone interview of Foreign Minister Rodrigo Pardo in Washington by station announcer Guillermo Rodriguez in Santa Fe de Bogota and news director Dario Arizmendi in Madrid — live]

[FBIS Translated Text] [Rodriguez] Good morning, Mr. Minister.

[Pardo] Good morning. Last night, I presented Colombia's economy and bilateral relations to a group of businessmen during a meeting with the Foreign Relations Council in Baltimore, near Washington. During the day, I met with Mr. Watson and Mr. Skol, the persons in charge of handling Colombian and Latin American affairs at the Department of State. This morning, I will hold several interviews with Department of State officials, including Assistant Secretary [words indistinct], Mr. (?Watt), in charge of the multilateral policy, and Robert S. Gelbard, assistant secretary for narcotics matters. During the afternoon, I will meet with Senate and House of Representative leaders who handle international relations.

[Arizmendi] Mr. Minister, we are greeting you from Madrid. I would like to ask you what is the scope of Mr. Gelbard's most recent remarks regarding Government Minister Horacio Serpa's presence in the cabinet of President Ernesto Samper Pizano. Apparently, the president will be in a predicament in a few days if he decides to make a change in his cabinet, as everything seems to indicate. If he decides to keep Serpa, the U.S. Government might continue to feel hurt and offended and, if Samper removes Serpa, the public might think this is an imposition by the U.S. Government, which is inadmissible.

[Pardo] I would say first of all that the cabinet's composition cannot be included in an agenda of relations with the United States. This decision is, not only a sovereign decision of the country, but a very personal decision of President Samper, who must take into consideration government activities and cooperation. Summing up, this is not the realm of the Foreign Ministry. This is not negotiable [words indistinct].

In truth, Ambassador Carlos Lleras de la Fuente's remarks the day before yesterday, answering a question after finishing his speech, deals with an investigation being conducted about the famous cassettes presented at Congress and which contained conversations between members of the U.S. Embassy in Santa Fe de Bogota. This fact has aroused considerable and understandable indignation in the United States, because no one country will accept that the telephones in its diplomatic offices are tapped.

We have established the government's position very clearly. Just like the United States, we reject this practice. We have said very clearly that no organization was involved in the recordings. In addition, as soon as the existence of these cassettes was made known, the president asked a nongovernment organization, the Prosecutor General's Office, to carry out an investigation to determine who could have recorded those tapes.

I think Mr. Gelbard's remarks refer to the fact that this investigation has not yet been completed. Frankly, Dario, I have not observed any negative stance on the part of the Colombian Government. I do not think relations between the two countries are muddled or on a sort of a stationary bicycle as the result of those cassettes.

[Arizmendi] Mr. Minister, although the U.S. Government is concerned over the U.S. Embassy and DEA telephones being tapped and although the U.S. Government wants to know who is responsible for this telephone tapping, is the Colombian Government concerned or not about the contents of those tapes, and will Colombia so report to the United States, especially considering that Colombians are called imbeciles and idiots — just to mention two of the many names from the tapes?

[Pardo] Of course, we are concerned. The truth is that the tapes are considerably confusing even in their sound. [Words indistinct] Of course, we are concerned. We think such names are completely unfriendly. Now, private conversations cannot at all be regarded as representing the position of the government to which the involved individuals belong. Dario, I think we have advanced in constructing a work and cooperation outline with the United States. I think the coincidence between the speeches of President Samper and President Clinton is very important. The two presidents' brief conversations after the meeting at the UN General Assembly is very important because there were great coincidences and a friendly tone of voice. The two countries stated

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

their positions clearly. In the fight against drug trafficking, the United States needs Colombia and Colombia needs the United States.

[Arizmendi] Mr. Minister, during your visit, will you reiterate President Samper's proposal, which was first presented at the Summit of the Americas in Washington — pardon me, I mean: Miami? Several months ago, a call was made for a world conference on fighting drugs. The proposal was fully endorsed by the Nonaligned Movement [NAM] in Cartagena de Indias.

[Pardo] Yes, Dario. We regard this proposal as very important, because it is the logical result of what President Clinton proposed at the United Nations. He said that international crime — including drug trafficking, environmental crisis, and nuclear weapons — cannot be dealt with by a single country but [words indistinct] marked by globalization and interdependence. We need joint work mechanisms. This is what President Clinton said at the United Nations. The proposal is very similar to what President Samper proposed at the opening of the NAM summit. It was an invitation for multilateral and general work. In the specific case of drugs, the best way to agree on mechanisms to deal with the problem in general would be to hold a world meeting, perhaps convened by the United Nations. In my speech during the Foreign Relations Council meeting last night, I insisted, as I will continue to insist in my other meetings, on this subject, which we all consider to be of the utmost importance.

[Arizmendi] We are talking with Foreign Minister Pardo, who is in Washington on an official visit. I wonder if my colleagues at the studios in Santa Fe de Bogota have more questions for him?

[Rodriguez] In this triple participation of Caracol in Madrid, Washington, and "Caracol's 0600 to 0900" working table, Mr. Minister, it would be very interesting to hear your opinion on relations with Venezuela, how far the Manaure incident has been clarified, and whether it could affect relations between the two countries.

[Pardo] Although the incident has not yet been completely clarified, it should not darken the relations between the two countries. The two are friendly and neighboring countries. Consequently, from time to time their relations are bound to be affected by incidents. These incidents, however, should be addressed in a friendly manner and in such a way that they will not affect other aspects of the relations. We wish to continue to hold good relations with Venezuela.

I think the best way to put an end to the border incidents is through cooperation between the Armed Forces of the two countries.

Defense Minister Juan Carlos Esguerra will visit Venezuela next week. He has been invited to a conference, and will take the opportunity to meet with his Venezuelan counterpart, General Orozco Graterol, to polish, adjust, and improve the cooperation programs between the Armed Forces of the two countries, which should be our only reaction to the presence of drug trafficking, kidnappings, guerrillas, and the various forms of international crime at the border.

In addition, President Caldera's proposal to step up the demarcation of the land border is a good idea. This has been stipulated by the mechanism agreed on in San Pedro Alejandrino in 1989 and the negotiating commission has included it in its plans. For several reasons, however, the implementation of these plans has been delayed.

Nevertheless, now that President Caldera has resurfaced the subject, the land border demarcation has not been completed because of the circumstances. By completing the demarcation, we can prevent or at least diminish the probability of such incidents occurring in the future.

[Rodriguez] Mr. Minister, in a debate on this subject at Congress last night, the defense minister was forced to say that Colombia is not kneeling before any foreign country, meaning Venezuela. The Congress is demanding greater firmness from the Colombian Government. Apparently, some deputies say, we are being weak. Venezuelans are mistreating us.

In addition, the Venezuelan defense minister has suggested that we have 7,000 soldiers at the border. If this is true, I believe them and I like it. Are we being too weak in our position regarding Venezuela?

[Pardo] Not at all. We are very firm in our policy of principles, which is clear and [words indistinct]. Precisely now that very debatable feelings over the incidents are being exacerbated, we must be very firm and not let ourselves be carried away by emotions. We should not lose track of the fact that we should not sacrifice long-term objectives. Problems must be solved. This is what diplomacy exists for. In this we have been working and in this we have been active since those incidents happened at Manaure. Colombian policy is to enforce international standards of law. In this we are very firm.

Firmness, however, is necessary in the presence of the understandable short-term intent to take us out of the policy that the two countries require on a long-term basis.

[Rodriguez] Mr. Minister, thanks for your remarks from Washington.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Foreign Minister Comments on Relations With U.S.

PA0111122795 Santa Fe de Bogota Inravision Television Canal A Network in 0000 GMT 1 Nov 95

[Report by Cesar Mauricio Velasquez; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Foreign Minister Rodrigo Pardo is currently in Washington, in a mission aimed at recovering U.S. confidence in Colombia.

[Begin recording] [Velasquez] The U.S. Government through [Assistant Secretary of State] Robert Gelbard said yesterday they are not satisfied with the explanations the Colombian Government has given them. What explanations has the Colombian Government presented, and what is your opinion?

[Pardo] Well, I believe that the main difficulty is derived from the cassettes made public containing statements by U.S. Embassy personnel in Colombia.

[Velasquez] Do you think miracles are necessary to preserve the relations between Colombia and the United States?

[Pardo] More than miracles, I believe hard work is necessary. That is our intention. We want to leave behind the difficulties that have emerged, we want to overcome the bad moments.

[Velasquez] Roberto Gelbard, however, said that although many things have occurred in Colombia, nothing has really happened, no one has fallen, no government official has been removed. Would you say they want heads to roll?

[Pardo] Well, I believe that the most important thing in Colombian relations with the United States are the results in the struggle against drug trafficking. We have had more results this year than in any other year in Colombian history.

[Velasquez] In the political aspect, however, they may expect solutions or specific actions.

[Pardo] I am sure that the most significant aspect for both countries is the struggle against drug trafficking. What really counts is having effective institutions.

[Velasquez] Apparently this (?union) does not want Horacio Serpa.

[Pardo] Well, I am not sure. I believe Serpa has shown firmness in his convictions, and on many occasions has even maintained positions similar to those of the United States. For example, there was a time when he defended extradition to fight the Medellin Cartel.

[Velasquez] Is it true that Serpa will be the new ambassador to France?

[Pardo] No, that is not true at all. [end recording]

Samper: No Foreign Force May Enter Colombian Territory

PA0211043395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 2 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper today visited one of the most neglected border posts in Colombia. In Vichada, Samper said emphatically that no foreign force can enter Colombian territory to support actions against criminals, guerrillas, or drug trafficking.

President Samper said that as a result of the lack of security in certain areas of the Colombian border, foreign troops might want to enforce justice on their own in Colombian territory, something which is unacceptable.

Samper, who visited Vichada today, mentioned recent verbal confrontations with Venezuelan authorities on the subject:

[Begin Samper recording] We support the Venezuelan Government's concern about the need to physically delimit the borders; in other words, we need to place border markers that will enable us to have a well-defined border. In that manner, we would go by the famous saying that clear limits or borderlines make good neighbors. [end recording]

President Samper added that Colombia does not want to divide but, rather, to unite the two countries as regards the border issue.

Venezuelan President Reacts to Samper Comments

PA0211004195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 Oct 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] This is how official Venezuelan television has recorded Venezuelan President Rafael Caldera's reaction to Colombian President Ernesto Samper's vigorous comments on the latest problem along the border.

Venezuelan President Rafael Caldera has said Venezuela is willing to appeal to any court to clarify the events that have led to the arrest of a group of poppy seed growers:

[Begin Caldera recording] President Samper has said Venezuelan troops entering Colombian territory is unacceptable. I say it is unacceptable for the the Colombian

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

state not to be present in those areas where we Venezuelans are attacked by rebels who are attempting to break up all regulations and norms and who are serving the cause of drug trafficking, a cause we have pledged to fight with solidarity. [end recording]

The Venezuelan president has said both countries should complete, simultaneously with this fight, the task of installing more landmarks to achieve a better demarcation.

Prosecutor General 'May Consider' Resigning

PA0111161795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 1 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso Sarmiento has hinted that if the State Council decides that his term must last four years, he may then consider an anticipated resignation. Orlando Guerrero interviewed him today.

[Begin recording] [Guerrero] Do you want to step down, or stay?

[Valdivieso] I have said that in some respects I could consider my position privileged. From the start, I have seen it that way, since I was elected to conclude the four-year period that [former Prosecutor General Gustavo] de Greiff had begun.

[Guerrero] Could you tender your resignation if the State Council decides your period does not end in March but continues?

[Valdivieso] That could be a possibility. I have said that my stay in office is limited to that date in late March.

[Guerrero] If it is established that your term lasts four years, will you stay the four years?

[Valdivieso] On that day, I and the entire team I invited to assist me until March 1996, will assess the situation. [end recording]

Study Claims Drug Money Has Little Impact on Real Estate

PA0211035095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 Oct 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] A study carried out by Fedelonjas [Colombian Federation of Real Estate Exchanges] has stirred up the country's economic scene. The study claims that although drug traffickers have in fact used some of their resources to buy and sell real estate, this money has had very little impact on real estate in Colombia over the past few years, contrary to what has been stated in other forums.

According to Fedelonjas, $3 billion from drug money enter the national economy each year. Half of this amount is used to buy contraband, $900 million penetrate the financial sector, and the remaining $600 million are invested in real estate. Although this figure is apparently a large one, these $600 million represent only 5 percent of the total annual real estate activity in the country:

[Begin recording of Fedelonjas consultant Oscar Borrero] Therefore, it cannot be said that the construction sector's economy has been controlled by drug trafficking or that the construction boom in Cali is a product of drug trafficking. Although this boom has been obviously encouraged under this influence, it cannot be said that the construction sector's economic boom in Cali is a product of the Cali Cartel. [end recording]

Fedelonjas claims that drug trafficking has been prevented from introducing this year $2 billion into the country — an amount equal to the total coffee exports — due to the arrest of Cali Cartel leaders and the seizure of labs and shipments:

[Begin Borrero recording] This phenomenon obviously benefits the country even though it is negative in the short term. [end recording]

According to the Fedelonjas study, this means the curb in the economy is due more to the drop in real estate investments by drug traffickers than to the country's political crisis itself.

Fenalco Congress Conducts Study on Economic Situation

PA3110121295 Santa Fe de Bogota EL TIEMPO in Spanish 27 Oct 95 pp 1B, 7B

[FBIS Translated Text] It is not clear that the inflation's downward tendency will continue next year, nor is it true that the Value-Added Tax [VAT] and income tax tariffs are the lowest in the region. This statement was made by the National Federation of Businessmen (Fenalco), an organization that also says the Colombian economy's most critical problem for the remainder of the decade is "the fiscal chaos ."

The 50th Fenalco Congress being held in Santa Fe de Bogota discussed a document called "Economic Worries: A Glance at the Situation," which indicates that, contrary to what is thought about the inflation's downward trend, various factors indicate otherwise.

According to the analysis, the persistently high public expenses, high fiscal deficit, VAT increase, and high

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

financial and labor costs, will exert pressure on the inflation.

Fenalco believes the progress achieved regarding the inflation during the 1980's have been lost in the current decade and, while nations like Chile, Bolivia, and Paraguay managed to lower their cost of living, the country remained in the 22 to 24 percent level.

Nevertheless, the organization recognizes that monetary austerity has helped control the cost of living a bit.

Fenalco insists it is not true that the VAT and income tax tariffs, the most important sources of revenue, are among the lowest in Latin America. It says that, quite the contrary, "the sum of these two taxes in Colombia is the highest among countries in the region."

It adds that, given the government's pressure to increase the VAT to 16 percent, no one trusts the government's pledges regarding taxes any more.

The organization recalled that studies conducted by the National Customs and Tax Directorate (DIAN) confirm that evasion increases when the VAT is raised.

Likewise, the organization asserts that it has become a habit for each administration to try to impose records regarding public spending.

According to Fenalco's study, business activities have decreased this year.

The increase in sales for the first semester was 3.4 percent compared with 6.6 percent during the same period last year.

The most affected sectors have been hardware, car, and spare part enterprises, which is clearly seen with the end of the construction "bonanza" and the drop in automobile sales.

The situation has resulted in a decrease in profits, which has curbed the purchase of technology and reduced investments.

Contrary to the belief that the business sector's activities run parallel to the industrial sector's activities, Fenalco says the fate of the former greatly depends on the latter's fate.

When businessmen make no sales they reduce the orders to their suppliers, so they are directly related.

According to the Fenalco study, the industrial sector's activity has been acceptable for the last three years due to four factors: Industrialists have embarked in a process to renew their machinery and equipment, they have sacrificed feasibility margins, internal demand has increased, and the United States' and European Union's customs preferences have resulted in benefits.

The organization does not believe the industry has ceased to produce and become an importer and marketer; adding that, quite the contrary, the increase in capital assets imports proves it is committed to a modernization process.

Fenalco says 1995 will be remembered for its stable economic indicators but also for the uncertainty generated by the impact that investigations on the financing of presidential campaigns and public corporations may have.

National Administrative Department of Statistics Retail Sales Survey

Groups	1995	1994
Food, drinks, tobacco	6.23	6.65
Furniture, appliances	6.17	14.89
Clothes, shoes	5.31	3.63
Dishes, pots, pans	4.59	6.10
Drugstores	3.39	-2.80
Vehicles, spare parts	3.14	1.54
Other	2.82	2.21
Fuel, lubricants	-1.35	-3.90

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Groups	1995	1994
Hardware products	-4.46	3.74
Total	4.89	5.18

Ecuador

Alarcon Urges Duran-Ballen To Revoke Decree on Microfilms

PY0211022695 Madrid EFE in Spanish
1922 GMT 1 Nov 95

[FBIS Translated Text] Quito, 1 Nov (EFE) — Ecuadoran Congress President Fabian Alarcon today urged President Sixto Duran-Ballen to revoke the decree with which he declares himself sole guardian of the documents on the discretionary funds of the Vice Presidency which the Supreme Court of Justice [CSJ] is investigating.

Alarcon publicly asked that "the president, and this is being asked by all Ecuadoreans, to repeal the decree by which he declares himself guardian of the discretionary funds," because "the courts must be allowed to go to the very end."

Because of the decree, CSJ President Carlos Solorzano has not been able to investigate the documents considered essential in the criminal action against former Vice President Alberto Dahik, accused of presumed unlawful use of the discretionary funds.

On 11 October Dahik fled to Costa Rica, two hours after the CSJ issued an arrest warrant against him.

The Congress president said that "Ecuadorans are experiencing a crisis of confidence when they keep asking what is being concealed, what is being hidden, and what is in the microfilms that they are not allowed to see" on the movement of the restricted accounts of the vice presidency.

Court Rejects Involvement of Duran-Ballen in Dahik Case

PY0211021995 Quito Voz de Los Andes in Spanish
1700 GMT 1 Nov 95

[FBIS Translated Text] The Supreme Court, on a decision made on the night of 31 October in answer to a request by Deputy Oscar (Tellery), discarded for the time being the involvement of President Sixto Duran-Ballen in the criminal proceedings against ex-Vice President Alberto Dahik, who escaped to Costa Rica, because Duran-Ballen is not part of the process. The Supreme Court decided, however, to take the content of (Tellery's) request into account.

Deputy Oscar (Tellery) of the opposition Ecuadoran Roldosist Party asked the Supreme Court to extend to Duran-Ballen the criminal charges of misappropriation of public funds filed against Dahik. The request submitted by Deputy (Tellery) says: The court should extend the proceedings to the president and it should order his preventive imprisonment because his interference in the administration of justice is unconstitutional.

Education Minister Submits Resignation

PY0211023195 Madrid EFE in Spanish
1907 GMT 1 Nov 95

[FBIS Translated Excerpt] Quito, 1 Nov (EFE) — The irrevocable resignation tendered today by Ecuadoran Education Minister Fausto Segovia leaves two ministries vacant in the ministerial cabinet of President Sixto Duran-Ballen, who on 24 October 1995 accepted the resignation submitted by Energy Minister Galo Abril.

All 14 ministers on 13 october tendered their resignations to give "freedom of movement" to the president to reshuffle his cabinet after the escape from the country of former Vice President Alberto Dahik, accused of corruption.

Despite the repeated announcements by the Presidency that the cabinet will be confirmed "within the next few days," it did not happen, and precisely because of that "uncertainty" today the education minister confirmed his "irrevocable" resignation.

"I have decided to reaffirm my irrevocable decision to submit my resignation from the Education and Culture Ministry to the president," Segovia said during a news conference.

He added: "My decision is essentially based on the official resignation request the president has made" to the entire cabinet in order to have freedom to reshuffle it, but "a few days have already passed since 13 October 1995," he recalled.

Fausto Segovia said that "the uncertainty does not do anything good for the educational system, which needs strength to continue with the process of structural change."

Segovia, who remained in his post for 14 months, said that he has no disagreements with the president, and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

added that from now on he will work as a professor at Catholic University and will write a book "on his journey through the ministry." [passage omitted]

Constitutional Court Abolishes State of Emergency

PY0211021795 Quito Voz de Los Andes in Spanish 1700 GMT 1 Nov 95

[FBIS Translated Text] The decree that declared the state of national emergency as a result of the conflict with Peru was abolished, but the state of mobilization and right for confiscation are maintained.

The government ordered that the resolution of the Court of Constitutional Guarantees that abolished the state of national emergency be published in the official gazette.

Paraguay

Peasant Unrest Escalating in San Pedro Department

PY0111175695

[FBIS Editorial Report] Asuncion NOTICIAS in Spanish on 14 October carries on page two a 500-word report on peasant unrest in San Pedro Department. The report states that Paraguayan President Juan Carlos Wasmosy's team for rural affairs called the directors of the news media to a meeting on 13 October. At that meeting, media directors were asked for help to bring the peasants to their senses in view of the increasing tension and threats of violence against government officials.

The report adds that National Electric Power Administration, ANDE, had to pull a team out of the area of Santa Barbara because the peasants threatened to topple the poles that were being erected to bring power to their settlements. According to ANDE Director Miguel Rodriguez, "the workers had to be pulled out of the area due to an obvious threat of violence contained in a note that Santa Barbara peasants released stating their disgust and dissatisfaction regarding the government's offer."

According to the report, President Wasmosy, Agriculture Minister Arsenio Vasconsellos, and the Agrarian Reform Institute, IBR, president admitted that the administration is "probably not doing a good job as far as publicizing its efforts to improve the lot of the peasants," and that "at least 50 percent of the peasants are living in extreme poverty."

The report states that IBR President Hugo Halley revealed that the administration has more land than petitioners, while Minister Vasconsellos "underscored that the administration will not tolerate any more pressure, particularly attempts to override the law through violent squatting and threats."

The report quotes the ANDE president as saying that "a letter was received from San Pedro peasants guaranteeing the security of ANDE personnel, but the administration is still concerned and worried about the atmosphere of violence prevailing in the area."

The same paper in its 17 October edition carries on page six a 400-word report on peasant occupation of IBR offices in San Pedro. The report adds that, following the arrest of five peasant leaders on 16 October, landless peasants occupied local IBR offices and threatened to burn them down. The leaders were released later in the day and the peasants discontinued their occupation, although "the hostility of the peasants has not been assuaged, and tension prevails in the area."

According to the report "60 policemen were standing by to evict, using violence if necessary, the occupants of the IBR offices. The situation did not get worse only because the peasants chose to leave the premises they were occupying on their own once their leaders were released on order from the judge."

The report indicates that the peasants want the land of cattlemen Jose Ignacio Bobadilla and Nestor Samaniego, "although the administration has offered them 11,000 hectares elsewhere. The peasants have been camping in front of IBR offices for 15 days, and they said that they will remain at the site indefinitely until their petitions, which involve 60 families, are fulfilled."

The report notes an "unusual" behavior on the part of the peasants who occupied the IBR premises on 16 October because "they shouted anti-U.S. slogans and went so far as to label President Juan Carlos Wasmosy a subordinate of the U.S. Government." The report adds that "rather than looking for solutions to their demands, the peasants of San Pedro Department were trying to antagonize both the police forces and the government, either through violent behavior or the slogans they shouted."

Peru

Joint Council With Ecuador Holds 3d Meeting in Lima

PY0211001995 Lima EL COMERCIO in Spanish 24 Oct 95 p A6

[FBIS Translated Text] The Consultation Council of the Second Ecuador—Peru Mission of Military Observers [MOMEP-2] yesterday held the first working meeting of the three-day gathering it will hold in Lima. This will be its third working meeting following the appointment of its members to verify the implementation of the demilitarization process in the zone where the conflict took place last January and February.

The MOMEP-2's objective is to safeguard the detente process attained during the first phase of its activities

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

that started following the military clashes between Peru and Ecuador in the Cenepa River area.

Generals Daniel Mora and Cesar Duran, military liaison officers of Peru and Ecuador respectively, attended the meeting held at the Brazilian Embassy. Military observers of Brazil, Argentina, Chile, and the United States, the guarantor countries of the Rio de Janeiro Protocol, were also at the meeting.

The first meeting of the MOMEP-2 Consultation Council was held in Lima; then there was another one in Quito, after which a report was drafted on the work carried out until then. The mentioned report was submitted early this month to the deputy foreign ministers of the guarantor countries of the Rio de Janeiro Protocol meeting in Brasilia.

On that occasion it was disclosed that the security manual between Peru and Ecuador would begin to be implemented by the soldiers of the two countries. Mention was also made of the measures already adopted to prevent new military clashes.

On this third occasion the meeting was started by studying the agreements reached in Brasilia early this month in order to apply them as soon as possible.

The meeting at the embassy will continue today and it is expected that the conclusions of this military gathering will be issued tomorrow.

It was learned unofficially that, unlike on other occasions, an official report on the meeting will be granted to the media this time.

Official: Ecuador Crisis Not To Affect Peace Talks

PY0211105295 Lima EL COMERCIO in Spanish 13 Oct 95 p A4

[FBIS Translated Excerpt] Yesterday, Council of Ministers President Dante Cordova Blanco commented that the domestic crisis in Ecuador will by no means affect peace negotiations with that country. He said that neither has the possibility of that situation being used as a pretext to interrupt negotiations been contemplated. [passage omitted]

Dante Cordova said that the Peruvian Foreign Ministry's position throughout the peace process with Ecuador has been firm. Therefore, he dismissed the enduring possibility of the negotiations being interrupted due to the current situation in the northern neighboring country.

He noted: "Our Foreign Ministry has made a lot of progress in this regard and the results are obvious. I believe we have reached the necessary level to strengthen and reassert our desire for peace in Peru and to safeguard our national sovereignty permanently."

He said that the Foreign Ministry is closely following the developments in Ecuador.

Later on, Cordova Blanco refrained from commenting on the request made by the opposition in Congress for an explanation as to why the chief of state said that actions similar to those of 5 April 1992 could take place again. He noted that they are expecting Congress to debate the subject.

When asked whether he had talked about this subject with the chief of state, he insisted that he was awaiting Congress' debate to see how things develop. [passage omitted]

Dante Cordova ended by mentioning the fact that Peru has become attractive to European, U.S., as well as Asian investments and capital. [passage omitted]

NGO Authorized To Help Perform 'Electoral Oversight'

PY3010160395 Madrid EFE in Spanish 1556 GMT 29 Oct 95

[FBIS Translated Text] Lima, 29 Oct (EFE) — The civic organization Transparencia [Openness] will be the only nongovernmental organization [NGO] to perform "electoral oversight" duties during the municipal elections that will be held on 12 November.

On 28 October the National Electoral Board, JNE, empowered the nongovernmental organization to carry out information-gathering and oversight tasks throughout the country, for which Transparencia will use a fast vote-counting system.

Transparencia will be the only organization to oversee Peru's electoral process, side by side with the JNE.

OAS officials reported one week ago that this organization would not be sending observers to these elections, although it had sent observers for the presidential elections.

Group Training Observers for Elections

PY0111201995 Lima LA REPUBLICA in Spanish 22 Oct 95 p 8

[FBIS Translated Excerpt] Nine thousand observers, especially trained by the Transparencia group, will control each step of the municipal electoral proceedings at each balloting table in the Lima metropolitan area on 12 November.

Luis Francia Sanchez, a Transparencia group trainer, told LA REPUBLICA yesterday that "this control of the voting process and the counting of votes is very important, but we are also attaching great importance

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to the prior training process of balloting table assistants and our own volunteeers."

The Transparencia group conducted a training and orientation session yesterday for numerous observers and control groups.

The issues discussed were democracy and human rights and neighborhood participation in local governments and municipal elections. [passage omitted]

Analysts View Leading Candidate's Chances in Lima Election

PY0111203995 Madrid EFE in Spanish 2032 GMT 31 Oct 95

[FBIS Translated Text] Lima, 31 Oct (EFE) — Peruvian political analysts believe Alberto Andrade's decision to join forces with leaders of traditional political groups may jeopardize his election just as it happened to presidential candidate Javier Perez de Cuellar. Alberto Andrade is the favorite to win the Lima municipal elections.

A political weekly on 30 October published a list of councilmen running on Andrade's "Somon Lima" ticket. It includes members of "traditional" political parties ranging from communists to social democrats. These parties today face the most serious credibility crisis in their political history.

This weekly states that some members of these political parties are Andrade's advisers. The weekly mentions, among others, Teresa Aparcana and Mario Solezzi, former councilmen of the United Left Marxist coalition; and former officials Jorge Ruiz de Somocurcio, Hildebrando Castro Pozo, and Edgard Carrasco.

It also mentions Mario Ocharan, former Popular Christian Party (PPC) deputy; former PPC Councilman David Quintana; and Olimpia Mendes, former controversial mayor for the Popular Action Party who served on two occasions.

After pointing out that Andrade was centering his campaign solely on his image, a political analyst said the magazine's report "may damage the good campaign Andrade has been conducting, and even cause his defeat."

According to the political weekly "SI", Andrade's decision to run alone during the campaign without a team of councilmen and advisers may be interpreted by voters as an attempt to "deceive."

The report was published after Andrade apparently consolidated a lead in the polls after having won the only encounter with his contender, Jaime Yoshiyama, the candidate for the ruling Change 90 Party.

Andrade was ahead in the polls by only five points. This presupposes a tie because this percentage falls within the margin of error acceptable in opinion polls.

The same experts believe if Yoshiyama's campaign highlights Andrade's ties with controversial personalities who have joined his movement, it may swing electoral preferences.

The time left before the elections, scheduled for 12 November, may play against Yoshiyama, however, because analysts believe this argument "may be interpreted as a low blow because he is desperate."

Lima's municipal election is the most important in Peru after the presidential election because the Peruvian capital represents one third of the Peruvian electorate and because this post is considered a step from the presidency.

Venezuela

OAS Secretary General Views Border Incidents, Trade

PA0111122595 Caracas EL GLOBO in Spanish 28 Oct 95 p 2

[Report by Mario A. Beroes]

[FBIS Translated Text] OAS Secretary General Cesar Gaviria believes that the great advances made in the area of bilateral trade are above any border incident between Venezuela and his country, Colombia.

The former president only granted 15 minutes for an interview with local and foreign reporters.

Asked about recent incidents in the area of the Perija Mountain Range, where groups of poppy growers have invaded Venezuelan territory, he chose to use his diplomatic position as a shield.

[Gaviria] There have always been incidents in the border area between the two countries and there will always be, because that area constitutes what we refer to as a very dynamic border. We should rather stress the great progress made toward the consolidation of deregulated trade, a trade without barriers between Venezuela and Colombia.

Making very discreet remarks, Gaviria added that he was certain that the two countries will reach a solution to this series of "incidents," as he described them. He believes that it is up to the Venezuelan and Colombian foreign ministries to find a definitive solution.

Gaviria did not want to delve deeply into the topic of bilateral relations. His status as a diplomat and as a high-ranking official of an international organization was the excuse he used to avoid the topic.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Regarding his participation in the 8th Congress Management 1995, he said that much paper and ink had been wasted in the debate over the topic of development in Latin America "until the cold reality of the debt crisis and the world changes finally forced our region to learn the hard way that freedom and private enterprise constitute the irreplaceable pillars of development."

[Gaviria] In this time of globalization, the margin of action countries have to keep away from international organizations is very narrow. The integration of the world markets undoubtedly makes the economies more efficient and dynamic, but also less predictable and manageable.

Agreeing with similar points of view stated in this congress, he added that the business sector needed a transformation to unleash the potential of the private enterprise.

He remarked that he was convinced of the advantages the opening of the economy to foreign investment and the international flows of capital entail for the countries of the region. "However, I am also convinced that those resources cannot replace the positive effects of strong, dynamic, and sustained domestic savings," he added.

Minister Denies Knowledge of Colombian Presence at Border

PA0211040795 Caracas Venezolana de Television Network in Spanish 0200 GMT 1 Nov 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] Defense Minister Brigadier General Moises Orozco Graterol at Miraflores Palace has denied any knowledge of an alleged presence of Colombian military forces at the border to help fight crime in the region.

In response to Colombian General Norberto Adrada's statement that his country indeed controls the border, Orozco has stressed the need to turn to the facts indicating that the National Guard on 30 October foiled the kidnapping of a Zulia cattleman, but the kidnappers of Colombian origin fled to the neighboring country where they were not stopped:

[Begin Orozco recording] There is no one on the other side, a point which I have reported. I do not know of the border posts they supposedly have there, proof of which, I have said before, is that Colombians who come to our country to kidnap cattlemen on many occasions hide on the other side of the border. [end recording]

Foreign Minister Miguel Angel Burelli Rivas has said the announced 7,000 Colombian soldiers will be welcomed, as they could help prevent wrongdoings by criminals, drug traffickers, and guerrillas:

[Begin Burelli recording] Venezuela has no intention of invading any foreign territory. What Venezuela wants is to eradicate all types of criminal activities. The fact there are poppy plantations in the region is a reality, something which is not new. Furthermore, the damage caused to the land in the Perija region is enormous; deforestation is massive. The opening of roads through the dense jungle and the cutting down of trees in the mountain range are destructive actions that have caused us great damage. [end recording]

Both the defense and foreign ministers have denied that Venezuelan Ambassador to Colombia Abdon Vivas Teran has admitted the National Guard has trespassed in the neighboring country's territory.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.